

The NATIONAL UNDERWRITER



The pen is mightier than the pistol—
when it comes to extracting money from
a business establishment. Robberies can
be big. Defalcations can be even bigger.

Employers need . . .

FIDELITY BONDS

THE TRAVELERS INDEMNITY COMPANY. • HARTFORD, CONNECTICUT

THURSDAY, OCTOBER 6, 1949



Yes—90% of forest fires are caused by people . . . which means they can be prevented. Follow these common-sense rules when you are walking or driving through the woods. Hold your match till it's cold—then pinch it. Don't throw lighted cigarettes or cigars on the ground—crush them out first. Drown your campfire, then stir and drown again.

AETNA INSURANCE GROUP

AETNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.
PIEDMONT FIRE INSURANCE CO. • STANDARD INSURANCE CO. OF N. Y.



THE CENTURY INDEMNITY COMPANY
HARTFORD, CONNECTICUT

This advertisement also appears—in color—in **TIME, NEWSWEEK, PATHFINDER,**
U. S. NEWS and WORLD REPORT • **W. Ross McCain, President**

FOUNDED IN 1819, the Aetna Insurance Company takes its name from the famous volcano, which "though surrounded by flame and smoke is itself never consumed." From that day to this—through wars, conflagrations and depressions—no policyholder has ever suffered loss because of failure of an Aetna Company to meet its obligations.



F. H. Chegwiddden New President of C.P.C.U.

**Gulledge and Guest
Complete Official Roster
Elected at Dallas**

DALLAS—F. Harmon Chegwiddden, treasurer of Camden Fire, was elected



R. F. Sommer

president of National Society of Chartered Property & Casualty Underwriters at the annual convention here last week. He succeeds Robert F. Sommer, executive secretary of Standard Accident. Hal A. Gulledge, partner in the Dallas and Fort Worth local agencies of Highfill, Gulledge & Terry, was chosen vice-president, and Arthur B. Guest, partner of Freeman, Toro & Guest, Philadelphia, secretary-treasurer.

Robert McWilliams, Los Angeles attorney, and M. L. Landis, counsel of Central Manufacturers Mutual, were elected directors. The re-elected directors are Richard E. Farrer, educational director of National Assn. of Insurance Agents; T. Parker Lowe, vice-president of Anchor Casualty at Los Angeles, and Guy E. Mann of the Washington, D. C., office of Aetna Casualty.

All officers and directors will assume office Jan. 1 when the new constitution, which has been in hands of a committee for two years, becomes effective. Additional directors will be elected later, as the new constitution provides for three regions, eastern, midwest and Pacific, each entitled to three directors. The senior director from each region will be the regional vice-president.

Four New Chapters Admitted

Four new chapters were admitted at the Dallas convention where 24 states and District of Columbia were represented. The new chapters, mid-south, Memphis; Pacific Northwest, Seattle; northern California, San Francisco; and St. Louis, bring the total to 13.

Cleveland was selected as the 1950 convention city. Edward E. Evans, vice-president of Lenihan & Co., Cleveland, and president of the Ohio chapter of C.P.C.U. extended the invitation and announced that the meeting will be held in September.

The C.P.C.U. seminars conducted at Dallas were termed by Mr. Gulledge as perhaps the only common meeting place for all-inclusive all-industry representation. Officers of every type of insurance company, branch managers, local agents, brokers, solicitors, adjusters, claim men, insurance attorneys, educators and buyers were present.

Willard Crotty, Dallas local agent, was moderator of the seminar on "Serving the Public Better." Among those taking part were A. Hawthorne Criddle, Philadelphia; Robert McWilliams, Los Angeles; H. B. Skelton, Rough Notes Co., Indianapolis, and Bruce Blalock, Memphis.

Another seminar with "Multiple Line Underwriting" as the subject had Tom T. Chatfield, Dallas, as moderator. Dis-

Hurricane Sweeps Texas Gulf Coast

**Total Damage Estimated
at \$1½ Million,
\$250,000 at LaPorte**

HOUSTON—The insurance loss in the Texas hurricane is slight in comparison to others of recent years. There appear to be no single losses of importance. Crop damage was the principal loss.

DALLAS—A 100-mile an hour wind hit the Gulf coast near Freeport, Tex., early Tuesday morning, damaged La Porte to the extent of \$250,000 and then struck Houston and Galveston with decreased power. At that time it developed 90 miles an hour gusts that carried water over the highway, cutting Galveston off from the mainland. Some 50,000 persons were driven from their homes and damage is estimated at about \$1½ million, with the rice crop absorbing nearly half of the total loss.

At Palacios and Port Arthur more than 10 inches of rain fell in 48 hours, with Houston and Galveston getting about six inches in the same period. About 5,000 hurricane refugees are being cared for in Houston's city auditorium. Red Cross headquarters at Austin says nearly 29,000 people are being given emergency relief.

cussion leaders were William M. Scott, Los Angeles; Robert M. Babbitt, Jr., Chicago, and Alfred E. Lampe, Washington, D. C.

A review of the development of C.P.C.U. in the past six years was given by Robert F. Sommer, the retiring president of the society. He attributed the extraordinary growth of the organization to the efforts of its members and to the more widespread acceptance of insurance courses in colleges and universities. One of the problems C.P.C.U. must overcome is the high failure ratio in examinations. Mr. Sommer asked if the group is encouraging some persons to take examinations who have not sufficiently qualified, or if the courses of study are lacking in any way.

He urged that C.P.C.U. continue to attempt to make a contribution to the insurance business. The statement that insurance is in a rut and lacking in the pioneer spirit can be attributed to the nature of the business, which, dealing in security cannot afford to be audacious. The youth of the society and its talent equip it to make a contribution, he observed. Last year, a new form of policy was made available through one of the members as an outgrowth of a seminar discussion.

Kenney Speaks at Conferment

Speaker at the conferment exercises was Roger F. Kenney, insurance editor of the "United States Investor," who emphasized that the insurance commissioners have great power over rates and commissions under the new laws and agents cannot expect too much from any court action on the matter.

It will be difficult to get the courts to upset any action of a commissioner centering around his approval of a rate deviation stemming from a cut in commissions, said Mr. Kenney. This is because the first duty of a commissioner is to protect the policyholders, and courts are loathe to interfere with an administrative officer who pleads that in protecting policyholders he is administering the rating laws with an eye on the solvency of the company. With some justification, he added, the commissioner can point to the fact that his

Hot Session Held on Maritime Commission Bill

WASHINGTON—Beginning consideration Tuesday of legislation to authorize maritime commission to write war risk coverage in peacetime, a House merchant marine sub-committee hearing of commission officials developed into severe cross examination of them by Rep. Weichel, Ohio, concerning commission and war shipping administration insurance programs, particularly the latter's marine and war risk activities.

Officials testifying were acting Chairman Greenville Mellen, General Counsel F. B. Goertner and B. K. Ogden, insurance division chief.

In the audience were Percy Chubb, Roy Leiflin, other marine interests representatives, Jerome Sachs, commerce department insurance division chief; Maurice Herndon, National Assn. of Insurance Agents, and others.

The hearing recessed until Oct. 12. Weichel went to bat with a charge that the commission "dished out money by the handful" under the old law which expired two or three years ago.

Operation Retrospective

Mellen said the commission requires insurance on ships sold under installment contracts and on ships it charters. About 800 have been sold. In 1946 and '47, Mellen said, the commission insurance operation was "retrospective" instead of "prospective," as it would be under the bill.

Weichel charged the commission was "intigator" of the new program. Mellen said the pattern in the bill is substantially the same as that during the war. He had not heard that the commission had a contract with an insurance syndicate and "then dished out the money," as charged by Weichel. The latter said the commission provided the money and paid

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obligation to agents is at least second to that of a policyholder. Sooner or later the agents will have to face the question of whether they want to match the independent action of the companies on the commission question with organized and concerted action among themselves, Mr. Kenney declared.

Discussing annual payment plans in the fire business, he said that as of themselves there is nothing vicious about installment payments, rather they are a by-product of a self-imposed rate cut brought about by the term rule. "This sudden influx of annual payment plans is nothing but a proclamation that no longer is the five-year term rule to be regarded as a sacred institution," he said, adding that if management fails to recognize that the discount under this rule cannot be justified, then the rule will be scuttled from within the industry.

If the agents want to get at the root of the problem, Mr. Kenney advised that they not limit their action to a plea for refinements or improvements in the annual payments plan, or its elimination. They had better embark upon a strong campaign to revise the term rule on which the annual payment plans feed.

George B. Butler, Texas fire commissioner, represented Governor Shivers in presenting four visitors with certificates making them citizens of Texas. Those receiving this distinguished award were: Mr. Chegwiddden, the new president; retiring President Robert F. Sommer; Dean Harry Loman of the American Institute, and Mr. Kenney.

Massachusetts Agents Association Observes 50th Anniversary

**Graham Smith Named
President at Boston
Meeting Succeeding Fair**

By JAMES C. O'CONNOR

BOSTON—Graham Smith, Brockton, was elected president of Massachusetts Assn. of Insurance Agents at the 50th anniversary meeting here, succeeding A. B. Fair, Natick. With more than 650 registered, the two-day meeting was a packed and enthusiastic event, climaxed by a gala anniversary dinner at which an overflow crowd turned out to hear U. S. Attorney-General J. Howard McGrath.

R. D. Chase, Springfield, who was general chairman of the meeting, moved into the vice-presidency and D. J. Lowd, Northampton, who was just elected to the National Assn. of Insurance Agents executive committee, was reelected state national director. Mr. Lowd, who has the unique distinction of having been president of two state associations—being Vermont president before moving to Northampton 17 years ago—was given a great ovation at the dinner.

Regional Vice-Presidents

New regional vice-presidents are W. S. Attridge, Boston; F. M. England, Cambridge; F. X. Perron, Fall River; A. M. Walker, Taunton; Mr. Fair, H. D. Barnes, Pittsfield; M. A. Carlberg, Gardner; R. G. Dowling, Yannis; H. T. Gage, Haverhill; G. F. Lord, Great Barrington; F. R. A. McGlynn, Worcester; G. D. Mirick, Shelburne Falls; L. R. Mongeau, Lowell; P. J. Woodcome, Fitchburg, and F. H. Woodward, Lynn.

Mr. Smith, the new president, is associated with his father and brother in the Albert G. Smith & Sons Agency at Brockton. He is a nephew of F. R. Smith, Haverhill, who was Massachusetts president in 1926. A native of Haverhill, Graham Smith graduated from University of Virginia, entering the agency in 1930. He has been president of the Brockton board and served two terms as chairman of the Massachusetts association educational committee, becoming vice-president last year. He won universal acclaim for inaugurating group study courses throughout the state, with over 750 registered last year, and the short course school last summer at University of Massachusetts.

Harrington, McGrath At Dinner

State Treasurer J. E. Hurley spoke briefly at the dinner, representing Gov. Dever, who is abroad. He was followed by Commissioner Harrington, who told the agents that the new buyers' market will bring about new and more numerous problems under rate laws. He said that all agree that unrestrained competition is not in the public interest, but that the rate laws say clearly that uniformity of rates is not required and that reasonable competition is not prohibited or discouraged.

Attorney General McGrath, who was introduced as a partial Bostonian, since he studied law at Boston University, reviewed the growth of the insurance

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Mere Shift to Deductible No Cure of PPF Problem

In connection with the Inland Marine Insurance Bureau 1948 figures on full coverage blanket personal property floater and the deductible blanket P.P.F., one of the able underwriters in the burglary-P.P.F. field strongly emphasizes that substitution of a deductible blanket P.P.F. for the same amount of expiring full coverage blanket P.P.F. does not solve the problem of underinsurance, when the substitution is made largely to avert the effects of a rate increase. Any such substitution in times like these is to be deplored. However, substitution of an adequate and proper amount of deductible blanket P.P.F. in place of an inadequate and improper amount of full coverage blanket P.P.F. is all to the good.

Works Only with Larger Amount

Along with many others in this field, the underwriter believes that the principal reason for the unprofitable underwriting experience in both deductible and full coverage blanket P.P.F. insurance in recent years has been the widespread and extensive failure to fulfill the insurance-to-value requirement. Efforts to convert full coverage blanket to deductible policies can be reconciled only if in all cases the deductible policy is issued for a larger amount than the superseded full coverage policy.

The figures shown in I.M.I.B.'s 1948 report—\$13,912,903 premiums written against \$12,156,771 losses paid for a ratio of 87.38 on full cover blanket P.P.F., against \$17,098,960 premiums, \$7,792,791 losses and a ratio of 45.47 for deductible—doesn't mean that problems confronting the insurers writing P.P.F. can be solved merely by substituting a deductible for every expiring full coverage policy. Yet the suggestion has been made by several, on the basis of these figures, that apparently the underwriting experience on blanket P.P.F. would be reasonably profitable, or not seriously unprofitable, if full coverage were discontinued and only deductible or blanket P.P.F. written. A further suggestion has been that insurers increase premium discounts allowed for deductible in order further to encourage purchase of the latter policies.

It is pointed out that the figures are not a correct measure of the actual difference between final net underwriting results on the two classes of P.P.F., and that the difference in underwriting results was actually caused by a real saving achieved in the deductible class.

First it is necessary to estimate how much in the way of real saving the deductible clauses would have had to effect in order to reduce what would have been an 87.38% loss ratio down to a 45.57% ratio. The \$17,098,960 obtained by insurers in 1948 for deductible blanket P.P.F. was the net amount retained by insurers after allowing substantial premium discounts for deductible clauses. This was 30% on \$25 deductible and 20% on \$15 deductible. Assuming an average over-all premium discount of 25%, \$22,798,613 would be the aggregate which, after deduction of the discount, would produce a net of \$17,098,960. Now 87.38% of \$22,798,613 is \$19,921,428, and that should have been the aggregate of losses paid under the deductible policies if they had not contained deductible clauses and if as a consequence the loss ratio on those policies had been the same as the ratio of full coverage policies.

If it is assumed that the deductible clauses did in fact effect a real saving sufficient to reduce what would have been an 87.38% down to a 45.57% ratio, it would be necessary to assume that this saving amounts in dollars to \$12,128,637, the difference between actual losses paid under deductible policies, \$7,792,791, and \$19,921,428.

This underwriter does not believe that \$12,128,637 could have been actually saved by the deductible clauses in policies under which total losses actually paid after application of these deductible provisions aggregated only \$7,792,791. The conclusion is that the spread of 41.81 percentage points between the two losses-paid-to-premiums-written loss ratios cannot possibly be a correct measure of the difference between the final net underwriting results on the two classes of P.P.F.

What Conversion Shows

Converting premiums written into premiums earned, full coverage had \$16,474,903 premiums against \$12,156,771 losses paid for a 73.79% loss ratio, and deductible had \$12,665,200 premiums and \$7,192,791 losses for a 61.53% ratio.

This tabulation indicates that in 1948 full coverage blanket P.P.F. was contracting and the deductible class was expanding. In comparison with 1946, full coverage premiums declined in 1948 \$2,549,649 while losses increased \$3,181,227; on deductible the increase in premiums was \$8,083,172 and the increase in losses \$5,018,170. Why did losses not decrease in a period when premiums were falling off so rapidly?

In 1947, increases were made throughout the country in virtually all the "other than fire" components of the rates for blanket P.P.F. in the first \$5,000 bracket. In nearly all cases this amounted to 25 cents per \$100 of insurance. When a given rate is increased by 25% and then subjected to a discount of 20%, the effect is to put the rate back to about where it was, or, in the case of a 30% discount, a point somewhat lower than the original rate. These are the discounts for the deductibles.

Stimulated Trend to Deductible

The increase of 25% in the other than fire components of the rates for blanket P.P.F. in 1947 strongly stimulated the trend to lapse full coverage blanket and renew on deductible policies. Thus in 1945 only 23.7% of all blanket P.P.F. of certain groups of stock companies was on a deductible basis, in 1948 it was 54.5%. This trend presumably will continue.

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Arne Moe to Post With Switzerland General

Arne B. Moe has resigned as manager of the Kansas City marine service office of Aetna Fire to become assistant manager of the Innis Corp. of Kansas City, which is mid-continent manager for Switzerland General.

He will be specifically charged with inland marine underwriting and production. He started in the field with Appleton & Cox in 1920 at New York, and from 1926 to 1929 operated a local agency in Detroit. In 1929 he became marine special agent for Aetna Fire at Detroit and in 1937 was promoted to superintendent of that company's western marine department at Chicago. Since 1947 he has been in charge of the marine service office at Kansas City.

The Innis Corp. has exclusive management of Switzerland General's operations for inland marine, fire and allied lines in Arizona, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Michigan, Minnesota, Missouri, Nebraska, North Dakota, New Mexico, Ohio, Oklahoma, South Dakota, Tennessee, Texas and Wisconsin.



Arne B. Moe

Butler Urges Unity on National Issues

Wilson Tells Selling Methods at Michigan Agents' Convention

A warning that insurance agents must stand together and cooperate in an effort to overcome threats to the free enterprise system was given by Charles P. Butler, executive vice-president of National Assn. of Insurance Agents, speaking at the closing session of the annual meeting of the Michigan association last week. He declared that the paramount issues in the country today are excessive taxation and the threat of socialized medicine and the agents must make their voices known on these matters.

Mr. Butler outlined the situation in England, where the government has taken up the possibility of socializing the industrial life business. This would mean eventually, he said, that the entire business would be taken over. The companies and agents have organized to combat the move.

Wilson Describes Survey Selling

Corlett T. Wilson of the Wilson & Wilson agency of Rockford, Ill., told the Michigan agents of his survey method on personal business, which for the past six years has made him the sole agent on the personal lines of every prospect he has sold, and for three years Mr. Wilson has garnered all of the prospect's business.

His approach is to point out the need for complete insurance protection covering dwelling, automobile and personal property, together with income under accident insurance and comprehensive and automobile liability.

The prospect usually admits, he added, that personal complete cover is what he has been waiting for but has never been approached on by another agent.

Mr. Wilson's program omits life and health insurance. These are subjects that sometimes lead to questioning on the part of the policyholder that interferes with setting up a protection program. He sells most of his customers an accident policy with accidental death benefits and reimbursement at 80% of weekly earnings, and a \$2,000 medical reimbursement. Comprehensive personal is usually in the amount of \$100,000 and auto B.I. and P.D. are carried at \$100,000 each. There is \$2,000 of auto medical and dwelling fire at full value. The P.P.F. is also carried at full value.

Advantages of Single Agent

Mr. Wilson's approach is to present convincingly the need for complete protection. Then he shows the prospect the advantages of having one agent handle all of the business so that the responsibility rests in one place. Often Mr. Wilson keeps the policies in his own office and the assured is relieved of any worries on the score of protection or detail. The assured is presented with a chart showing what his coverages are in an illustrated manner. There is no detail that might cause confusion or misunderstanding.

When getting the application, Mr. Wilson presents an extensive list of questions designed to point up every need. It takes at least a half hour to fill out, but he said that the assured doesn't mind talking about himself and his property.

One of the objections of agents to doing survey business is that often when a survey is made, another agent will get all or part of the business. Mr. Wilson gets around this by asking the assured if he is under obligation to any other agency. The prospect is loathe to admit that he is under obligation to anybody.

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A. E. Sale Joins Resolute

A. Edson Sale, formerly supervising adjuster in charge of the auto physical damage claim department in the New York branch office of the Loyalty group, has resigned to go with Resolute at Hartford as loss superintendent.

Mr. Sale spent 18 years with General Reinsurance in the casualty and surety lines, becoming assistant superintendent of claims. During the war he spent 18 months in a defense plant.

In 1945 he organized the auto physical damage claim department for the Loyalty group in New York City, which serviced the metropolitan area.

Large Loss at Butte

Loss is estimated at more than \$300,000 in a fire that involved the Park Theater building at Butte, Mont., and a number of other buildings.

Conick Opens Royal Cafeteria



H. C. Conick, chief executive officer of Royal-Liverpool, is here shown cutting the ribbon that officially opened the new \$100,000 employe cafeteria at the U. S. head office at 150 William street, New York.

Unity Issues

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OIL IN ETHIOPIA PROTECTION IN THE U.S.A.

American geophysicists in Ethiopia
...indications of oil in ages-old pockets
beneath volcanic sands ... action!

Roads are built, habitations erected,
warehouses thrown up, modern
machinery and valuable equipment
from America are put in place for
production. American engineers and
technicians go to work.

More and more American com-
panies are writing similar sagas of
American enterprise today—but they
couldn't do it without the benefit of
sound insurance protection against

loss from fire, explosion, lightning,
accident . . . and the protection of
workmen's compensation, too.

The American Foreign Insurance
Association has grown up with Amer-
ican business overseas. It provides the
answer to problems of protection in
practically every corner of the earth.

You can handle the foreign insur-
ance needs of firms in your commu-
nity as easily as you handle their
domestic risks. Simply give us the
facts, and we'll give you full informa-
tion and all necessary help.



AMERICAN FOREIGN INSURANCE ASSOCIATION

80 MAIDEN LANE • NEW YORK 7, NEW YORK

CHICAGO OFFICE: INSURANCE EXCHANGE BUILDING, 175 WEST JACKSON BLVD., CHICAGO 4, ILLINOIS
SAN FRANCISCO OFFICE: MILLS BUILDING, 220 MONTGOMERY STREET, SAN FRANCISCO 4, CALIFORNIA

COMPLETE INSURANCE COVERAGE IN FOREIGN LANDS

Program Given for "Ad" Meeting

Special features of the Insurance Advertising Conference meeting at Old Point Comfort October 16-18 will be round table discussions by the members and addresses by leading insurance and advertising men of the Richmond area.

The meeting will start Sunday evening, Oct. 16, with the president's reception at Hotel Chamberlin. On Monday morning the round table discussion will be on how to improve the advertis-

ing of fire, casualty and surety insurance. This two-hour discussion will be followed by an address by Roger E. Clarke, well-known agent of Fredericksburg, on "How Mister Average Agent Looks at Advertising."

At the Monday luncheon Dan W. Lindsey, Jr., of Lindsey & Co., advertising agency at Richmond, will speak on "It's Not What YOU Think."

The annual dinner Monday evening will be addressed by Eugene F. Gallagher of Planet on "What D'you Mean?"

On Tuesday morning the round table discussion will be continued with emphasis on how to make I.A.C. a clearing

house of advertising for the fire, casualty and surety business. Considerable support is behind a move to make the conference more valuable as a service organization.

The meeting will close with a buffet luncheon Tuesday and prior to that the conference will be addressed by Claude D. Minor, president of Virginia Fire & Marine, on "Advertising is Educational (and vice versa)!"

The general theme of the meeting will be "Advertising's Part in the Insurance Business."

Bohlinger, Morrill, McCullough Upped by N. Y. Department

Deputy Superintendents Alfred J. Bohlinger and Thomas C. Morrill have been advanced in the New York in-



R. C. McCullough



T. C. Morrill

urance department and Roy C. McCullough has been appointed deputy superintendent. Mr. McCullough has been special assistant to Superintendent Dineen since 1946.

Mr. Bohlinger was advanced to first deputy superintendent. He is a graduate of New York law school. Prior to his appointment as deputy superintendent in 1944, he was in private law practice as a member of the firm of Burden & Bohlinger. He has supervised the life, fire and marine, complaint and mutual and fraternal bureaus in the department, and has recently been placed in charge of the supervision of A. & H. insurance, including the department's responsibilities under New York's new disability benefits law.

Mr. Morrill succeeds Mr. Bohlinger as second deputy, and takes over personnel administration in addition to supervision of the uniform accounting and statistical bureaus and responsibility for public relations. He has headed the department's uniform accounting program since 1947, establishing expense accounting instructions which have been adopted for nationwide use by all fire and casualty companies. He was for many years an analyst with Alfred M. Best Co., before joining the department in 1945.

Mr. McCullough, who now becomes third deputy superintendent, is a lawyer and statistician, and will be responsible for regulation of rates through supervision of the rating bureau. He was graduated from Syracuse University in 1941. After a year of practice with the Syracuse law firm of Bond, Schoeneck & King, he joined the army air forces as a private in 1942, and left in 1946 with the rank of major.

Contact Committees Meet

The Washington advisory committee held a series of conferences at Seattle with the contact committees of Washington Assn. of Insurance Agents, Washington Fire Underwriters Assn. and Inland Empire Fire Underwriters Assn. Conferences also were held with the management of the Washington Surveying & Rating bureau, the Washington Insurance Examining Bureau and Commissioner Sullivan and his staff.

J. K. Woolley, manager of the rating bureau, was host at a golf party and a dinner, entertaining the various committees, the executive committee and the past presidents of the agents' association.

Brokers Outing Nov. 4

The stag golf tournament and dinner of Insurance Brokers Exchange of California is scheduled for Nov. 4 at the California Club, San Francisco. Committee chairman is Robert N. Hammond.

The Boykin & Branch General Agency of Birmingham, Ala., has moved to a new location in the Farley building.

INSURANCE CALENDAR



On October 8, 1871, 17,450 buildings in the main business and residential sections of Chicago were destroyed in a fire which started, most people say, when Mrs. O'Leary's cow kicked over a lantern in a West Side barn. Property losses amounted to \$196,000,000. Companies in the Fire Association Group took the claims against them in stride... settled the most immediate ones as early as two or three days after the fire... which was one of the reasons why Chicagoans were able to rebuild their city so quickly.

1949—OCTOBER hath 31 days.

"The reward of a thing well done, is to have done it."

- 1—Sa.—1943, Allied Fifth Army occupied Naples.
- 2—Su.—1780, Major Andre hanged as a spy.
- 3—M.—1656, Miles Standish, Pilgrim military leader, died.
- 4—Tu.—1777, Battle of Germantown, Pennsylvania.
- 5—W.—1905, Wright Brothers made first long-distance airplane flight, 22-1/5 miles.
- 6—Th.—☺ Full Moon, 9:52 P.M., E. S. T.
1873, First trans-ocean flight attempt.
- 7—Fr.—1833, James Whitcomb Riley, famous Hoosier poet, born.
- 8—Sa.—1944, Wendell L. Willkie, Republican presidential candidate, 1940, died.
- 9—Su.—Make a standing engagement with your Agent or Broker to review your property insurance regularly.
- 10—M.—1845, U.S. Naval Academy at Annapolis opened.
- 11—Tu.—1884, Eleanor Roosevelt, wife of late President, born.
- 12—W.—COLUMBUS DAY
- 13—Th.—1866, Quebec fire—2,500 buildings destroyed.
- 14—Fr.—☾ Last Quarter, 11:06 P.M., E. S. T.
1644, William Penn, founder of Pennsylvania, born
- 15—Sa.—Fire Association Group companies adjust all claims promptly, fairly, cheerfully.
- 16—Su.—1859, John Brown's raid at Harper's Ferry, Va.
- 17—M.—1849, Fredric F. Chopin, noted Polish composer and pianist, dies.
- 18—Tu.—1867, Alaska purchased from Russia—\$7,200,000.
- 19—W.—1781, Lord Cornwallis surrendered at Yorktown.
- 20—Th.—1926, Cuba hurricane—600 killed.
- 21—Fr.—☽ New Moon, 4:23 P.M., E. S. T.
1944, Gas tank explosion, Cleveland, Ohio—135 killed.
- 22—Sa.—1883, N.Y.C. Metropolitan Opera House opened.
- 23—Su.—1944, 2nd Battle of Philippine Sea began.
- 24—M.—Play safe... protect your plant with adequate insurance coverage... see your Agent or Broker today.
- 25—Tu.—1936, Rome-Berlin Axis formed.
- 26—W.—1875, Virginia City, Nevada fire—\$7,500,000 loss.
- 27—Th.—NAVY DAY. 1858, Teddy Roosevelt born.
- 28—Fr.—☾ First Quarter, 12:04 P.M., E. S. T.
1886, Statue of Liberty unveiled.
- 29—Sa.—1811, U.S. Engine Co. organized—later affiliated with Fire Association.
- 30—Su.—1735, John Adams, 2nd President born.
- 31—M.—☾ Full Moon 'em

OBSERVATION for October: Because building costs have greatly increased, insurance coverage based on out-dated replacement costs is inadequate today. Review your coverage with your Agent or Broker now.

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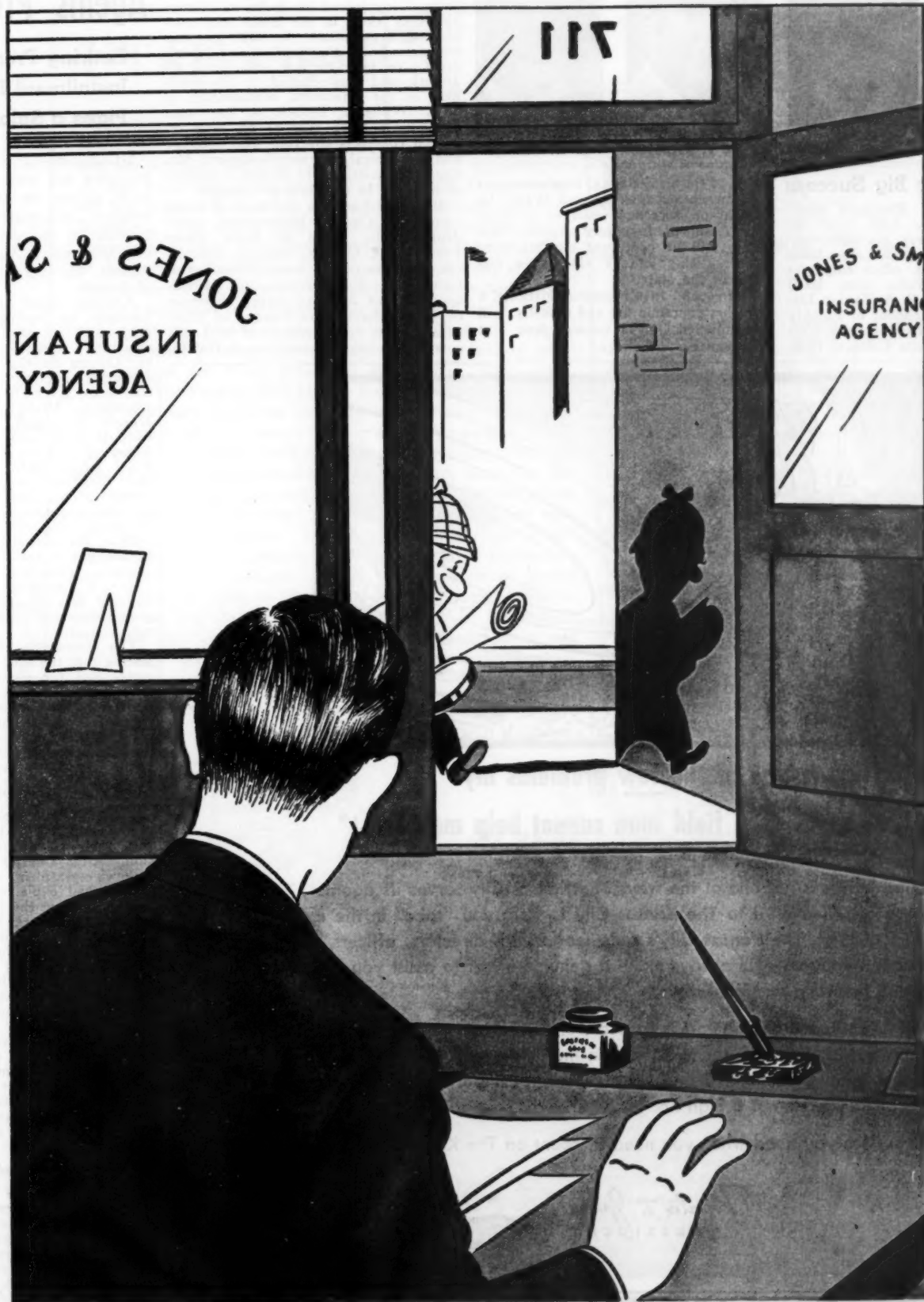
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Round Out N. A. I. A. Steering Group

The three members of the executive committee of National Assn. of Insurance Agents appointed last week, Herman C. Wolff of Indianapolis; J. V. Arthur of Winchester, Va., and John H. Carney of Eau Claire, Wis., complete the organization of that body. They will serve with the new officers and the two elected members of the committee.



H. C. Wolff



J. V. Arthur



J. H. Carney

Michigan Clinic Big Success

The first regional insurance clinic conducted by Michigan Assn. of Insurance Agents at Northern Michigan College at Marquette, drew an expectedly large group of agents, office employees and solicitors. Teachers were Basil Jones, Hartford Fire; E. A. Taylor, Detroit casualty superintendent of Fidelity & Casualty; Carl Strong, insurance director at Michigan State College; Den-

ley I. Priest, Michigan supervisor for Underwriters Adjusting, and Waldo O. Hildebrand, secretary-manager of Michigan Assn. of Insurance Agents. The clinics will be continued on Oct. 5 at Traverse City and in nine other districts in the state.

The second 1949 insurance institute, a refresher course in fire and casualty, will be conducted Oct. 30 through Nov. 5 at Michigan State College.

R. N. Cary to Chicago Marsh & McLennan Post

Robert N. Cary, formerly of Marsh & McLennan's Duluth office, is joining the Chicago office to assist Robert C. Borwell, vice-president, in the production department.

Mr. Cary joined M. & M. at Minneapolis in 1930, in the credit and purchasing department. In 1937 he was transferred to the production department. In 1947 he was transferred to Duluth and was elected a vice-president of the Minnesota organization in 1948. While in Duluth, he has been spending a large part of his time on special contracts covering food spoilage and mechanical warranty insurance. Mr. Cary will continue to devote a portion of his time to this field at Chicago.

Mr. Cary has been president of Commonwealth Club of Minneapolis, president of the board of Bryn Mawr Presbyterian Church, national committee chairman of the Junior Chamber of Commerce, vice-chairman of Minneapolis Town Meeting Assn., chairman of Young Republican League of Hennepin county and chairman of St. Louis county Republican committee at Duluth.

Hewitt Succeeds Bradley as Minn. Agents' President

Retiring President Says Installment Payment Plans a Salable Item

DULUTH—C. R. Hewitt, who for 25 years has successfully operated a local agency at Dorset, one of the smallest communities in the state (population 40), is the new president of Minnesota Assn. of Insurance Agents. He succeeds Jesse D. Bradley of Duluth.

Another small town agent, A. C. Johnson of Springfield, was elected chairman of the executive committee. Others on the executive committee are Loren Capretz, Austin; Merold Engstad, Fergus Falls, and Robert J. Lund, Thief River Falls. Mr. Bradley becomes a member of the committee ex officio. The executive committee, following the convention, reelected Leroy J. Engberg, St. Paul, as state national director, and George W. Blomgren, Minneapolis, as executive secretary-treasurer.

The association adopted a resolution stating that the \$200 minimum premium established for monthly reporting policies is working a hardship on many agents and recommended that the matter be reconsidered and the former basis restored. Other resolutions reiterated the agents' opposition to socialized medicine and approved tax equalization.

Installment Plans Discussed

That the installment payment of term premiums is still a hot issue in Minnesota was evident at the opening session. After Charles P. Butler, executive vice-president of National association, had explained the action taken on this issue at the N. A. I. A. convention at Chicago, where Minnesota was one of the 14 states voting in the minority for the plan, Mr. Butler was asked for further details from the floor. Retiring President Bradley in his address said he is convinced as are many other agents that the installment plan is salable.

Mr. Butler pointed out that Walter H. Bennett, general counsel of National association, has compiled a brief showing that installment premiums conflict at 11 points with term insurance rules. One of the important points has to do with the reserves maintained by the companies, he said.

Butler Outlines Problems

In his off-the-cuff remarks, Mr. Butler touched on several important problems affecting agents, including multiple location risk rating plans, commissions, coercion in insurance sales, and the importance of morale in state and national associations. He said that commissions are a problem that should be settled at the state rather than national level.

In his annual report, Mr. Bradley took the stand that agents owed allegiance to the companies as well as to the public, although he said he believes the companies handled the commission issue in a wrong and ill-timed manner.

The new officers were installed by
(CONTINUED ON PAGE 38)



G. W. Blomgren



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UTAH • 1896

Utah, long known as Deseret which in the book of Mormon means honey-bee, was probably visited by Coronado in 1540. More than three centuries later, Brigham Young made the first settlement near Salt Lake City by proclaiming to the Mormons, "This is the place." The completion of the trans-continental railway at Ogden in 1869 insured the prosperity of the territory. Experiments in irrigation began early and are responsible for the success of agriculture. The state ranks high in the production of alfalfa, wheat, oats, sugar beets, fruits, and vegetables. Manufacturing leans toward lead and copper refining, meat packing, and canning. Utah is a leading mineral state of the West, producing salt, copper, silver, lead, and zinc. The Geneva Steel Mill at Provo has brought to Utah many subsidiary industries requiring steel in their operations. This section of the country is the tourists' paradise: Great Salt Lake, the Natural Bridge, Cedar Breaks, often called the most colorful place in the world, Zion Cavern, named by the Mormons after their heavenly city, and Bryce Canyon which the Paiute Indians described as "red rocks standing like men in a bowl-shaped canyon." The Mormon Temple and Tabernacle at Salt Lake City are outstanding examples of architecture and illustrate the inherent industry and perseverance typical of the faith. In southern Utah, land of the Navajo, primitive methods are still used in carding and spinning the wool which goes into the world-famous blankets. A state whose slogan is "Industry" presents many opportunities for industrious agents.



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Shield Scans Procedural Points in New Laws

W. Lee Shield, counsel of American Life Convention and former Ohio insurance superintendent, at a recent meeting of the insurance law section of American Bar Assn. at St. Louis, gave a paper that was very well received entitled "Some Procedural and Administrative Questions Arising Under Laws Resulting from Public Law 15."



W. Lee Shield

On the heading of rating laws, Mr. Shield mentioned the procedural problem relating to the waiting period. Under a typical filing procedure, a rate is submitted to a commissioner together with supporting data. Thereafter there is a waiting period varying from 15 to 30 to 60 days. During that period the commissioner is supposed to consider

the filing and its supporting information and either approve or disapprove it. If, under the law, the commissioner finds there are not sufficient supporting data, he can require additional information and in that event, the waiting period commences as of the date the supplemental material is furnished. This affords a commissioner, who might be so inclined, an opportunity to extend the waiting period far beyond the limits established in the law. Apparently the amount and nature of the supporting data are matters determined almost entirely to the discretion of the commissioner.

Question of Public Hearing

The question arises as to whether under the law, public hearing must be held on rate filing. Mr. Shield expressed the belief that the intent of the law is that consideration of a rate filing is to be an ex parte procedure, because there is no provision in the law for holding such a hearing and because of the provision that "a filing and any supporting

information shall be open to public inspection after the filing becomes effective." He mentioned that North Carolina, which is the only state which presently holds hearings on rate filings, saw fit to amend its laws specifically to provide for them.

If the rate is only open to public inspection after it has been approved, it would do violence to the law to require a public hearing concerning that rate before those procedural steps are completed. He believes that a public hearing not only should not be held, but cannot be held.

No Way to Challenge Filing

According to his theory, any protesting company or organization could not be present when a filing is being originally considered by the state. He expressed the belief there is no method whereby a company can directly challenge a rate filing of a competitor.

On the right of public inspection in connection with rate filings, there arises the question of whether there are any limitations. He expressed the belief that the right to inspect rate filings and supporting data carries with it the right to copy them, no matter how voluminous they may be. However, he thinks that there would be excluded from public inspection, correspondence and other

matter within the file which cannot be classed as supporting data.

The speaker took up the question of obtaining a review of rate filings with the idea of appealing. It appears, he said, that the individual or organization starting the proceeding must be affected in his pocketbook, so to speak. He voiced the belief that this does not include competitors. About the only one who can initiate this procedure would be one of the class affected by the rate or rating plan. Because the provisions of the rating laws concerning notice and the method of serving it are very general, he said that in giving such notice, consideration should be given not only to the provision in the rating laws, but also the provision of any general law covering the subject.

Appeal by Minority

Mr. Shield discussed the "appeal by minority" section of the rating law, saying that it was inserted to protect minority members or subscribers, but its effect may be far reaching and possibly not as limited as its original purpose was intended. It is anticipated that it will be employed in the approaching battle over approval of multiple location fire rate filings. In that event it is possible that the minority will appeal to the commissioner and that he will be required to decide whether or not such a plan should be filed.

Unfair Trade Practices

Mr. Shield took up the unfair trade practices act. One type of procedure that is covered in this legislation relates to the acts and practices that are specifically defined as constituting unfair methods of competition or deceptive acts or practices. Here the commissioner is given the power to issue cease and desist orders and provision is made for a judicial review. The second procedure relates to acts and practices that are not defined by the law as being unfair methods of competition or unfair or deceptive acts or practices, but which are determined to be such by the commissioner. Thus the commissioner is authorized to hold hearings and make findings and if the practice continues, he may request the attorney general to bring action for an injunction.

In connection with the acts that are defined, the commissioner before holding a hearing must have reason to believe that a person or company "has been engaging or is engaging in this state" in one or more of the defined unfair methods of competition. Mr. Shield said the question arises whether the commissioner is authorized to base his proceeding on an act or practice or method of competition used in the past and which is no longer being used. The commissioner's only power is to issue a cease and desist order and a penalty is involved only when such a final order has been violated. Can the commissioner, he asked, order a person or company to cease something that it is not doing? It was Mr. Shield's conclusion that there must be some threat that the practices in question might be repeated. The law requires that the commissioner must have reason to believe that a proceeding by him will be in the public interest.

Challenge of Discretion

Another question is whether the commissioner's discretion could be challenged at any point in the proceeding. He concluded it would be extremely difficult to do so because it would have to be based on a claim of abuse of discretion which the courts are reluctant to find.

When it comes to notifying the person or company of the charges, the statement must be detailed enough to apprise the accused person or company of the time and nature of the methods, acts or practices which are charged to be unfair or deceptive. This is necessary for the accused to be able to prepare a defense.

The law provides that upon good

(CONTINUED ON PAGE 32)

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R. C. Folley to Enter Agency Field

Robert C. Folley announces that he is resigning as assistant secretary of Fireman's Fund Indemnity and manager of the western indemnity department of Fireman's Fund group at Chicago to enter the local agency ranks. He is becoming a partner in Brown-Ginzel & Co., one of the leading local agencies of Wichita. This agency was organized in 1920 and the other partners are L. B. Brown, M. L. Staley and R. F. Page.

Mr. Folley has had 27 years casualty experience, one-half of that time in the service of Globe Indemnity and the balance with Fireman's Fund.

He was a resident of Glen Ridge, N. J., and started with Globe Indemnity at the home office when it was at Newark. Later he became office manager and field representative at Albany, and

then went to the New York City home office for underwriting duties in the compensation and liability department. In 1936 he joined Fireman's Fund Indemnity as underwriter in the eastern department at New York. He became Boston manager in 1939 and in 1940 was transferred to Chicago as assistant manager of what was then the mid-western division. He has been the manager there since 1947. He is a member of the Illinois accident prevention committee.

North Named Minn. State Agent for Fire Assn.

Howard D. North has been appointed state agent for Fire Association in Minnesota to succeed the late Harry M. Forrey, Jr.

Mr. North has been with Fire Association for 23 years. He started in the western department at Chicago and before entering service with the navy was

in charge of the brokerage and service department. Since the war, he has been special agent in Illinois. For the past five months, Mr. North has been working with Mr. Forrey during the latter's illness.

Mr. North's headquarters will be in the first National-Soo Line building, Minneapolis.

Domestic Exemption in Neb. Rate Law Not Fatal

LINCOLN—Attorney General Anderson in an opinion given Insurance Director Stone upheld the amendments made at the last session of the legislature to the rating law.

The original law included both foreign and domestic companies but as amended compliance is optional with domestic companies. Foreign companies claimed that this operated to deny them equal protection under the law and is unconstitutional. The attorney general holds that a reasonable basis exists for placing foreign companies in a separate classification for purposes of regulation, considering that they are incorporated in other states and beyond Nebraska jurisdiction and that there is no evidence that placing them in a separate classification imposes more onerous or burdensome conditions on them than on domestic companies.

In any event, he holds, it is well established that a state may impose reasonable conditions on a foreign corporation seeking to do business in it and that it cannot complain that the law under which it is so authorized is discriminatory because of those conditions.

Edgerton Tops L. A. Slate

LOS ANGELES—Southern California Fire Underwriters Assn., nominating committee has reported for election at the next meeting: President, Russell C. Edgerton, Providence Washington; secretary A. E. Trierber, Fireman's Fund; treasurer, Jay W. Stevens, Jr., Royal-Liverpool.

Sergeant Oak Burger of the Los Angeles police department crime laboratory spoke on the operation of the lie detector.

John N. Cosgrove, director of public relations and education of American, spoke on "Visual Aids to Education" at the opening session of the Newark insurance class sponsored by New Jersey Assn. of Insurance Agents.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co., 135 So. LaSalle St., Chicago
Oct. 3, 1949

	Div.	Bid	Asked
Aetna Casualty	3.00	88	88
Aetna Fire	2.00*	59	61
Aetna Life	2.50*	70	72
American Alliance	1.10*	24 1/2	25 1/2
American Auto	1.60	47 1/2	Bid
American Casualty .....	.80	14 1/2	15 1/2
American (N. J.) .....	.90	20	21
American Surety	2.50	59 1/2	61
Boston	2.40	66	68
Camden Fire	1.00	21	22
Continental Casualty	2.00	57 1/2	58 1/2
Fire Association	2.50	72	74
Fireman's Fund	2.60	85	87
Firemen's (N. J.) .....	.50	19	20
Glens Falls	2.00*	53	55
Globe & Republic .....	.50	11 1/2	12 1/2
Great Amer. Fire	1.30*	36	37 1/2
Hartford Fire	2.50*	100	102
Hanover Fire	1.40	35 1/2	37
Home	1.40	32 1/2	33 1/2
Ins. Co. of North Am.	3.50*	115 1/2	118
Maryland Casualty .....	.50	16	17
Mass. Bonding	1.60	28 1/2	29 1/2
Merchants Fire, N. Y.	1.15*	31	32
National Casualty	1.45*	28 1/2	30
National Fire	2.00	59	61
National Union Fire	1.40	33	40
New Amsterdam Cas.	1.20	37	39
New Hampshire	2.00	44	45 1/2
North River	1.20*	27 1/2	28 1/2
Ohio Casualty	1.20	53	Bid
Phoenix, Conn.	2.00*	94	96
Preferred Accident .....	...	4 1/2	5
Prov. Wash.	1.40*	35	36
St. Paul F. & M.	2.25*	91	93
Security, Conn.	1.40	36 1/2	38
Springfield F. & M.	1.90	48	50
Standard Accident	1.45	36	37 1/2
Travelers	2.00*	78 1/2	79 1/2
U. S. F. & G.	2.00*	57	59
U. S. Fire	2.00	65	67

*Includes extras.

Georgia Fire Rate Reduction Nov. 1

ATLANTA—Announcement is made by Commissioner Cravey of a reduction in certain Georgia fire insurance rolls that are estimated to save policyholders \$1,165,000 this year.

Classes of buildings affected are banks and offices, churches and Sunday schools, mercantile, protected dwellings (except for a few cities which previously have received reductions in their dwelling rates), and public garages. Adjustments will apply to both buildings and contents, but will not apply to properties of fire-resistive construction nor those equipped with automatic sprinklers.

Effective date is Nov. 1.

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Another Tenn. Rate Cut Asked

NASHVILLE—Commissioner Allen has asked the Tennessee Inspection Bureau to reduce fire premium rates on 13 commercial classifications and on churches, chapels and other public buildings, with a recommendation that rates be increased on wood-working risks, including saw mills; metal working risks; railroads and traction properties, lighting and power plants; power plants; theaters, motion picture shows and studios. Oct. 10 has been set as the date for a hearing on the changes. At this meeting, it is expected that a date for the reductions to take effect, if approved by the bureau, will be set. Mr. Allen stated that he expected that at least 90 days will be required to make the necessary rate adjustments and get them in the hands of local agents. No such allowance was made by the department in the May reduction which became effective July 1.

Commercial classifications on which premium rate reductions are asked are: Chemical risks, including paint and pharmaceutical; textile and cloth, including laundries and cleaning establishments; all classes of mining risks; food and food products plants, breweries and ice factories; hotels, boarding houses, clubs and Y.M.C.A.'s; public garages and airplane hangars; manufacturing risks, protected by sprinkler systems; non-manufacturing risks, protected by sprinkler systems; mercantile stocks, household furniture in mercantile buildings, office, banks, and telephone exchange contents.

Boston Institute Draws Overflow Turnout

The mutual fire and casualty institute of American Mutual Alliance at Boston last week was a sellout, with the crowd severely taxing the facilities of the Kenmore hotel. The Thursday program was the same as that presented in the middle west and south last year and was under the direction of G. D. Haskell, Chicago, economist of American Mutual Alliance, assisted by H. F. Swanson, assistant secretary of the organization, and Edward Sirois, manager Mutual Fire Insurance Assn. of New England.

Lecturers were J. M. Breen, Chicago, 3rd vice-president Lumbermens Mutual Casualty; M. L. Landis, Van Wert, counsel Central Manufacturers; H. C. Foster, Utica, assistant manager Utica Mutual; G. M. Blum, Chicago adjuster; C. A. Wiborg, Chicago, Lumbermens Mutual Casualty; H. E. Clarkson, Chicago, professor of business letter writing at Northwestern University; William Rodda, Chicago, manager Transportation Insurance Rating Bureau; Frank Beach, Urbana, professor of marketing at University of Illinois; Walter Jackson, Indianapolis, public relations consultant; and J. C. O'Connor, Cincinnati, editor "Fire, Casualty & Surety Bulletin" and associate editor THE NATIONAL UNDERWRITER. Mr. Haskell made a special concession to the Bostonians by interrupting the examination Saturday afternoon with inning by inning reports of the Yankees-Red Sox game, which turned out to be not so pleasant locally.

Issue to Mo. Supreme Court

The Missouri supreme court has under submission the case involving whether public schools will receive all or only part of the \$2,090,000 in fines that were imposed on the fire companies in 1947 in connection with the quo warranto proceedings brought against them by former Attorney General McKittrick. The court heard arguments in an appeal by the state from a ruling by Circuit Judge Blair of Cole county holding that all of the money should be distributed to the school districts in the same manner as other state public school money.

Attorney General Taylor has contended that the proceeds should be placed in the state general revenue fund. If his suggestion prevails, then the schools would receive either one-fourth or one-third of the money.

O.K. Neb. Administration Bill

LINCOLN—The Nebraska attorney general has held to be constitutional the bill placing foreign insurance companies in a separate classification for administration purposes.

Insurance Director Bernard Stone

had asked for a ruling of the act passed by the last legislature to determine whether it violated the equal-protection clause of the U. S. constitution. The ruling stated it must be shown that the bill unreasonably discriminates against foreign companies.

To Inspect Cheboygan

The Michigan Fire Prevention Assn. will inspect Cheboygan Oct. 19. A pre-inspection dinner is planned for the evening of Oct. 18 and there will be a dinner meeting the following evening

sponsored by the Cheboygan Kiwanis and Rotary clubs and the junior and senior chambers of commerce. Arrangements are in charge of Ray Jennings, Lansing, American of Newark, and Sam Gray, Grand Rapids, New York Underwriters.

Irvin E. Houck, vice-president, observed his 24th anniversary with the Chicago office of Marsh & McLennan. He was made manager of the Casualty department in 1937 and elected a vice-president in 1947.



NEW YORK FIRE ENGINE, 1730.

New York had a fire engine in 1730 — but the firemen look like a comedy act. What a time for the gentleman on the corner to go into a buck-and-wing! Modern firemen are less frantic... more effective.

PRINT FROM THE BETTMANN ARCHIVE

Even with modern apparatus and skilled firemen, fire losses during the past ten years cost our country \$437 million more than was expended for the Marshall Plan during 1948! Today, more than ever in this country's history, it is important for us — and you — to publicize the need for alert fire prevention.

Every Type of Property Insurance for Industry and the Home.

Agricultural
Insurance Company.
of Watertown N.Y.



Empire State
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of Watertown N.Y.

Porter Associate General Counsel of Provident L. & A.

Dudley Porter, Jr., has joined Provident & Accident as associate general counsel.

He received his law degree from Cumberland University in 1937 and was admitted to the Tennessee bar. From 1937 to 1940, he served as assistant attorney general of Tennessee. He entered the army as a private in 1942, was commissioned, and served as judge advocate of the 100th infantry division in France and Germany, attaining the rank of major.

Recently he has been associate general counsel of National Life & Acci-

dent and a member of the firm of Tyne, Peebles, Henry & Tyne, of Nashville. He is a member of Assn. of Life Insurance Counsel and the Legal Section of American Life Convention.

Wolverine Has Iowa Changes

Wolverine of Lansing has moved its office at Des Moines to larger quarters at 1106 Register & Tribune building. The staff has been increased with the addition of Herbert Miller in the Iowa field. Roger Van Twisk has joined the office as a trainee. The manager at Des Moines is Don Malum.

Mrs. Edna Burch has been elected president of Insurance Women of Delaware. Martina Bowe is first vice-president.

SIMPLIFIES COMPLEXITY

How to Calculate Costs on Unearned Premium Cover

The methods employed in calculating the premiums for unearned premium insurance, return premium thereon in the event of cancellation or rate reduction and additional or return premium thereon in the event of increase or decrease in the amount of insurance under the basic policy have been cumbersome and, in many cases, puzzling to endorsement clerks and others concerned with these problems.

In order to simplify these calculations and to eliminate most of the unwieldy operations which have hitherto consumed clerical time out of all proportion to the actual money involved, Claude Markel, New York City broker has determined the various relationships in connection with these problems and has reduced them to a set of simple formulas which are easily employed and which require, for their use, merely an ordinary pro rata table.

Can Use table of Squares

Since these formulas involve using the square of various numbers—the square of a number being the number multiplied by itself—time can be saved by using a table of squares which can be purchased at any store where technical books are sold.

For the sake of simplicity the following symbols are used: A = Amount of insurance in the basis policy; P = premium for unearned premium insurance; R = original rate for insurance in the basic policy; N = new rate (in case of rate change) for insurance in basic policy; C = change in amount of insurance in basic policy (increase or decrease), and F = decimal representing the unexpired term of the policy (from pro rata table).

Example of Number Squared

Note: As an example of the square of a number take 1.20 square. This is written mathematically as 1.20^2 and means 1.20×1.20 which is 1.44; In other words if R = 1.20 then $R^2 = 1.44$.

Many of the formulas employ the square of the rate; and, if more than one rate is involved, as is the case when the basic policy insures the perils of fire, e.c. and vandalism, the producer can eliminate making three separate calculations by taking the square of each such rate and adding the squares to get the square of the rate which is to be used in solving the problem. Do not add the rates and then the square the sum as the result is not the same.

E. G. Assume a rate of \$2 for fire and 40 cents for e.c. Wrong: $\$2 + .40 = \2.40 ; $\$2.40 \times \$2.40 = \$5.76$. Correct: $\$2 \times \$2 = \$4$; $.40 \times .40 = .16$. Result, $\$4.16$. For these rates $R^2 = 4.16$ and not 5.76.

EXAMPLES

Mr. Markel does not show the calculation of the squares of numbers, but assumes they have been read directly from a table of squares. In first example below the formula can be used by brokers and agents; company underwriters are not likely to do so because they have their own formula for the calculation.

(1) Premium for unearned premium insurance: Formula $P = A \times R^2$.

Example: Amount of insurance \$320,000; policy term, March 1, 1944 to March 1, 1947; 3-year rates are: Fire 1.64, e.c., .27 and v.m.m., .175; what is the premium for unearned premium insurance? Since more than one rate is involved, to get R^2 , add the squares of the several rates. Fire rate is 1.64, square of this is 2.69; e.c., rates as .27, square of this is .073; v.m.m., rate is .175, square of this is .031. R^2 is 2.794.

Substituting this value of R^2 in the formula, it becomes $P = 320,000$

$\times 2.794$; or $16 \times 2.794 = \$44.70$, which is the u. p. premium.

(2) Return premium on cancellation of u. p. insurance. Formula: Return premium = $P \times F^2$.

Example: Assume that policy described in example (1) is cancelled June 5, 1945, what is the return premium? From pro rata table, F = .579; then $F^2 = .335$. Return premium = $\$44.70 \times .335 = \14.97 .

(3) Return premium on u. p. insurance when fire rate is reduced. Formula: $R/P = A \times (R^2 - N^2) \times F^2$.

Example: Assume that a policy similar to the one described in example (1) had the 3-year fire rate reduced to 1.22 from 1.64 April 10, 1945. From pro rata table, F = .630; then $F^2 = .397$. R = 1.64; then $R^2 = 2.69$. N = 1.22; then $N^2 = 1.49$. Substituting these values in the formula it becomes: $R/P = 320,000 \times (2.69 - 1.49) \times .397$; or

$20,000 \times 16 \times 1.20 \times = \7.62 .

/.397

When Cover Amount Changes

(4) Additional or return premium when amount of insurance under the basic policy is increased or decreased during the term. Note: The same formula applies to the case of finding the premium for unearned premium insurance which has been added during the policy term, in which case you use C to represent the amount of insurance under the basic policy. Formula: A/P or R/P (as case may be) = C

$\times R^2 \times F^2$.

Example: Assume that a policy similar to the one described in example (1) has the amount of insurance in the basic policy increased or reduced by \$130,000 Dec. 20, 1945 (or that a basic policy in the amount of \$130,000, which attached March 1, 1944 has u. p. insurance added Dec. 20, 1945). From pro rata table, F = .398; then $F^2 = .158$. As calculated in example (1), $R^2 = 2.794$. Substituting these values in the formula it becomes A/P or $R/P = 130,000 \times 2.794 \times .158$; or $6.5 \times$

$20,000 \times 2.794 \times .158 = \2.87 .

Suggestions on Squares

In using a table of squares giving the squares of numbers from 1 to 1000,

LOCAL AGENCY FOR SALE

A thriving local agency in Southern California with a premium income of \$75,000. Premiums equally divided between Fire, Casualty and Auto. No Target lines. Must be cash deal.

For Particulars Write

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Crisp FALL days are here again . . .

an ideal time of the year. The odor of burning leaves, the desire for a few more auto rides to enjoy the glorious foliage . . . the urge to get out and commune with nature on the opening of the hunting season all add to the enjoyment of it. However, there is another less agreeable side . . . the foliage which is so beautiful on the trees becomes dangerous and slippery on wet streets . . . careless hunters expose themselves and others to serious injury through mishandling of guns . . . FALL housecleaning frequently causes falls or other injuries.

The Phoenix-London line of Personal Accident policies can not prevent these accidents but can go a long way in taking care of expenses arising from them. Agents and brokers can perform a real service to their clients by making an intensive drive for this profitable business without further delay.

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it is not proper to use any number having more than three figures. For example, if a rate is given as .3487, use .349; or if a rate is 1.432, use 1.43. Also be sure to note that the square of a number has twice as many decimal places as the original number.

Example: .2469² has more than three places therefore use .247². In looking up this square in a table of squares the answer will appear as 61009 (there are no decimal points in the table). However, since the original number .247 had three decimal places, the answer in the table must be given six decimal places and becomes .061009; and since the answer is accurate to only 3 figures, take the answer as .061.

If greater accuracy is required, a larger table of squares having more places can be used; but for the type of calculation required for unearned premium calculations, a table of squares from 1 to 1,000 is sufficiently accurate.

CHICAGO

PLAN PREVENTION EXHIBIT

The north lobby of the Insurance Exchange building will be occupied by a fire prevention week exhibit Oct. 10-14. This showing is sponsored by the P & G Service Corp., furnishers of fire prevention equipment. There will be displays for the W. D. Allen Mfg. Co., the Chicago Fire Department, P & G, Detex Clocks, the Miller-Peerless Co., Johns-Manville, Justrite Mfg. Co., George W. Diener Mfg. Co., the Albi "R" Paint Co., and the DeVilbiss Co. Cooperating in making the exhibit possible are the Cook County Inspection Bureau and L. J. Sheridan & Co., managers of the Insurance Exchange building.

LAUBENHEIMER MOVES

Merritt Laubheimer, who has been a local agent and broker at Chicago 28 years and recently had his office with the Swanson agency of New England Mutual Life, is establishing headquarters on the north side of the city at 6806 North Clark street. He will retain his connection with New England Mutual and also will represent as agent, Employers Liability and Fidelity & Deposit, and he has a close connection with the Hugo Dalmat agency. His father was H. C. W. Laubheimer, who was U. S. Marshal at Chicago, and who was an agent for Aetna Fire commencing in 1913 when he was with Rogers Park National Bank.

ADJUSTERS SEEK MEMBERS

Martin J. Powers, independent adjuster has been appointed chairman of the membership committee of the Adjusters Assn. of Chicago which is making a concerted drive to build its membership. Application for membership should be directed to his office in the Insurance Exchange building.

DISPLAY MODEL OF NEW PW HOME

The western department of Providence Washington at Chicago has on display a scale model of its new home office building which was formally dedicated only a few weeks ago. The model was at first in the old home office building while the new home office was under construction, and after a time in Chicago, it will be shipped to the San Francisco headquarters.

SCHINDLER TELLS BUYERS VIEW

At the "Insurance All-Industry Luncheon" sponsored by the Chicago C.P. C.U.'s, Paul H. Schindler, manager insurance department Youngstown Sheet and Tube Co., Youngstown, O., discussed the position of the insurance buyer.

Mr. Schindler pointed out that some of the men responsible for companies' safekeeping are now taking the C.P. C.U. course and have more that a little smattering of insurance knowledge. To a greater and greater extent, he said,

the insurance departments of big assured are being manned with men who are well posted on insurance and collateral subjects, such as fire prevention, safety matters and negligence law.

FALLS LUNCHEON SPEAKER

The Chicago committee on education held a luncheon at the Union League Club. Guest speaker was Laurence E. Falls, secretary-treasurer of Insurance Institute of America.

HERSHEY TALK OCT. 18

The meeting of the insurance membership group of Union League Club

of Chicago that was scheduled for Oct. 11 has been postponed to Oct. 18. The speaker will be Insurance Director Hershey of Illinois, whose subject is "Observations on State Supervision of Insurance."

Byrne, Byrne & Hahn agency, Chicago, has changed its name to **Byrne, Byrne & Co.**, as the result of the withdrawal from the firm of George Hahn. The other principals are unchanged.

The title of the talk by Frank Lang, Assn. of Casualty & Surety Cos., at the Insurance Accountants Assn. con-

ference in Boston has been changed to "Today's Facts to Decide Tomorrow's Problems."

State Fund Makes Headway

RALEIGH, N. C.—The insurance division of the North Carolina State Board of Education, which was set up by the 1949 legislature, has signed up 39 of 172 local school administrative units to participate in the state insurance plan. Rate plans already have been figured for 25 other units with which negotiations are under way and around 15 others are being "worked on."

Taking care of the "OLD" business leads to NEW—



Business during the past few years has rolled in without much need for solicitation on anyone's part. But times have changed and competition is making salesmen out of everyone.

Certainly, an agent at all odds must continue to take care of his old accounts; but new business is sorely needed these days. By servicing clients under our Survey and Analysis Plan, needed

new business can be produced almost simultaneously.

Our plan enables Mr. Agent to sell an insurance program, not merely a policy, and so bind each policyholder closer to the agency. Customer survey and analysis work paves the way.

Ask our Advertising Department about this workable, profitable, practical plan. Then, while you take care of "old" business, make it lead to new, too.

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Mass. Agents Observe 50th Anniversary

(CONTINUED FROM PAGE 1)

business and the responsibilities of the federal government during the 50 years of the Massachusetts association, pointing out that the Department of Justice alone has grown from 500 employees to more than 26,000 in that time. Looking to the future, he predicted a United States population of 250 million 50 years from now, with a corresponding increase

in insurable needs and opportunities for insurance. All the country needs, he said, is vision and courage and he urged insurance men to be leaders in faith in their country and its way of life. The Massachusetts agents were grateful to Mr. McGrath for coming to the dinner on a week's notice. Supreme Court Justice Tom Clark, his predecessor as

attorney-general, had agreed to speak before his appointment to the court, but had not notified the agents he was no longer available until a week before the meeting. Mr. McGrath got a laugh when, apologizing for wearing business clothes, he explained that when he planned the trip Saturday he left out his tuxedo because he assumed the world series would be going on in Boston and he would be unable to get a hotel room.

Cosgrove On Selling

J. N. Cosgrove, director public relations of American, who spoke at the opening session Tuesday afternoon, said that despite all that has been said and done, underinsurance is still a major problem. The public has not been sold to the needed extent and does not even understand its insurable risks. Discussing the many forms of educational work going on under various auspices, Mr. Cosgrove said students of insurance spend much time dissecting policies, but little or none learning what the public needs and why it needs it. He showed slide film illustrations from his latest selling material, pointing out the perils which menace different businesses and individuals and led an open discussion on insurance production.

The N.A.I.A. film on selling the personal property floater, "Found Money," was shown after Mr. Cosgrove's talk.

J. C. O'Connor, Cincinnati, editor "Fire, Casualty & Study Bulletins" and associate editor The National Underwriter, who spoke at the opening luncheon Tuesday, commented on the major trends and prospects of the business. He said that most recent developments can be traced to a combination of the vastly broadened base of the fire and casualty business, the trend toward government regulation of all business and the desire of people for security. Pointing to the agitation for automobile accident and non-occupational disability compensation funds, Mr. O'Connor said it is essential that the private insurance business, if it wishes to survive, anticipate and meet the demands of the public before the states take over this and other forms of protection.

R. F. King, Massachusetts registrar of motor vehicles, discussed the current automobile situation Wednesday morning and C. P. Butler, N.A.I.A. executive vice-president, spoke at the final luncheon.

Two visiting state association presidents, Claude Ryder, Bangor, of Maine, and Howard Allen, Burlington, of Vermont, were introduced at the dinner. Bows were also taken by Mr. Attridge, as president of Boston Board, and H. A. Reardon, president Massachusetts Assn. of Insurance Brokers.

Rhode Island Mid-Year Statement Is Published

The semi-annual statement of Rhode Island has been published showing assets of \$10,377,635 and policyholders surplus of \$2,062,635. The principal asset items consist of bonds \$3,581,268; stocks \$2,135,951; cash balances \$1,071,041; agents balances \$1,014,023; balances due from reinsurers \$1,681,496; reinsurance recoverable and other assets \$837,500.

Premium reserve is \$3,219,996; loss reserve \$545,096; funds held under reinsurance treaties \$3,974,791 and contingency reserve \$100,000.

Murray Bond Manager

Thomas A. Murray has joined Continental Casualty as fidelity-surety manager at Detroit. He has been with Maryland Casualty 15 years in this field.

New Dividend Rate \$12

It is understood that the regular dividend rate on the new Travelers stock, when the 100% stock dividend is consummated will be \$12. The rate has been \$16 on the present stock and last year an extra of \$6 was paid.

Wetterlund Heads Economics Society

Ray Wetterlund, vice-president and general counsel of Washington National, was elected president of Insurance Economics Society at a meeting of the executive committee at the Edgewater Beach hotel, Chicago, Tuesday during the time of the meeting of American Life Convention. He replaced C. O. Pauley, who is managing director of Health & Accident Underwriters Conference. Replacing Mr. Wetterlund on the executive committee is Orville Davis, secretary of Illinois Bankers Life.

Fire Association in National Casualty Bureau

Fire Association, Lumbermen's, Philadelphia National and Reliance have been elected members of National Bureau of Casualty Underwriters. They are entering casualty under multiple line underwriting laws.

Robertson Richmond Chief

RICHMOND—Giles M. Robertson has been elected president of Richmond Assn. of Insurance Agents to succeed William H. Branch. Henry G. Coghill is vice-president, and W. H. Sanders, Jr. secretary.

Ownership Is Shifted

ATLANTA — Southern Insurance Inc., a newly formed organization, has purchased Southern Fire & Marine. Southern Insurance, Inc., will act as managing agents of the company.

Southern F. & M. had been wholly owned by Southern Life of Georgia.

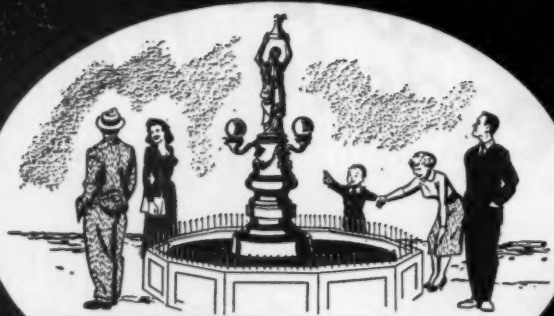
Kewaskum in Minnesota

Kewaskum Mutual Fire of Wisconsin has been licensed in Minnesota.

George P. Fetick, 66, who retired in May as assistant secretary-treasurer of Pearl, died at Mt. Vernon, N. Y.

Maurice R. Hogan, Sr., 53, adjuster associated with Tidwell & Co., Los Angeles, died suddenly.

Fascinating First Facts



FIRST MONUMENT TO AN INSECT!

Erected by the citizens of Enterprise, Alabama, December 11, 1919, "In profound appreciation of the Boll Weevil and what it has done as the herald of prosperity."

The deadly destruction of the Weevil caused cotton farmers to diversify their crops. As a result they tripled their income over what they had previously received in the best cotton years!



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Hot Session on Maritime Bill

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the companies 25%, but they did not share in the losses.

"Did you hear they kept \$15 million?" Weichel asked. Mellen hadn't.

"There has not been an investigation of wartime insurance activities of the commission," declared Weichel. "There has not been investigation of the \$21 billion" the commission spent on ship construction. "There should be investigation before authority is granted to give away money. Testimony is that the records cannot be found. 2000 policies were given out and the commission didn't know whom they gave them to, or who was insured."

Shortly after this outburst Mr. Ogden took over and was able to give the committee facts, though constantly interrupted by Weichel, who in effect did much of the testifying.

Divisions Were Combined

Ogden said insurance divisions of maritime and WSA were combined in 1946 and that the commission has issued no war risk policies since Jan. 1, 1947. A few policies for crew insurance were issued after the war, and insurance is still being carried on many vessels on account of mines.

Ogden said he was preceded as insurance division chief by Earl A. Bloomquist for nine months, prior to which L. J. Haeffner, Fireman's Fund, was on the job about 18 months. Percy Chubb preceded Haeffner and succeeded Ogden during the war period.

Ogden said five or seven people from insurance companies or brokerage houses assisted in the government wartime insurance work. WSA handled war risk.

American Marine Hull Insurance syndicate, formed in 1920, had some 70 or 80 companies serving. It had its own group of employees, Ogden said. Three experts came from the marine market to assist WSA. A contract made with the syndicate, he declared, was necessary for carrying on the work of administration. Insurance men helping the commission "undoubtedly represented some companies in the syndicate," said Ogden. "Nothing like being on both sides," remarked Weichel.

Ogden said the contract was prepared while Chubb was with WSA. Under it the government paid premiums for risks assumed by syndicate members. They got money for that purpose from the government.

"This is about the best I ever heard," said Weichel. "I thought the insurance companies were always for private enterprise."

Ogden said WSA issued a policy for which syndicate agents collected premiums. Weichel asserted nobody knows who the government issued 2,000 policies to, or how much premium was involved. WSA issued policies to the syndicate, which issued them to steamship owners, Ogden replied, and collected premiums. Insurance was issued by 125 companies. Underwriters agents got a small fee for the work they did. The syndicate contract applied to ship cargoes. Underwriting agents work directly for WSA. The agents worked for themselves at the same time they worked for the government. The commission used their facilities. If that had not been done, Ogden said, it would have been necessary to build up a large organization to do the job for the government.

WSA had a contract with the syndicate to provide insurance on vessels. The underwriters gave power of attorney to the syndicate to deal with the government, Ogden said.

"Did you ever hear of \$140 million they had and didn't know what to do with," Weichel asked. "Is it not a fact that investigation was threatened because policies were issued without num-

bers?"

"I never heard that," replied Ogden. He said he had not seen the first policies issued. The policies were printed with signature of Admiral Land, maritime chairman and WSA administrator, but were not negotiable until countersigned by the underwriting agent, Ogden said.

"Wonderful," remarked Weichel. "Underwriting agents could sell the policies and collect premiums. Nobody knew what became of them."

Ogden did not know how many policies were issued by the underwriting agents. He said that if emergency conditions arise, "I think we would have

to do about as much work as during the last war."

Charging the commission had "put out money without any accounting, Weichel asked the witness if he ever heard of any suits to recover money from syndicate agents or anybody for unaccounted for policies, or had ever heard the \$140 million matter discussed. Witness said he hadn't.

Regarding negotiation of the contract, Weichel said "Chubb sat on one side of the table and they sat on the other side." He charged this bill would authorize the "same thing to be done again." He did not see "how the in-

surance people could tell when they were talking to the government or to themselves."

Ogden testified that net premiums to the syndicate were about \$50 million. That the syndicate got 7% in excess of premium and losses. They paid losses. They got 6½% for expenses, 6½% for performing services for government. The syndicate was allowed 7% of net premium as profit, said Ogden. They had the liability of paying claims if they ran beyond premiums. There was to be returned to the government any excess of premiums over losses, expense and profits.

We Want An Experienced Sales Manager

Our sales organization consists of 15 men who make headquarters in the key cities of their territories, and who travel extensively. At this point in our development and expansion, we are "looking for" a sales manager to assume the full responsibility for our continued sales success.

We want a man whose actual record shows him to be qualified to manage, recruit and provide solid leadership to a sales organization of our present size, and to enlarge it. An understanding of sales promotion work is important. This is not a position for a sales theorist, but only for one of proven performance.

It is not an overstatement to say that this is an unusual and attractive opportunity. The right man for us should be 35 to 45, and have a record of knowing how to cooperate with and enthuse an established sales staff.

Insurance experience would be helpful, but not essential. Primarily, we want a man whose personality and record in dealing with salesmen qualify him to assume a position that offers responsibility and a very much better than average future.

Howard J. Burridge, President
The National Underwriter Co.,
420 E. 4th St., Cincinnati 2, Ohio

Bisson Affidavit Rejected in Cal.

An affidavit by Commissioner Bisson of Rhode Island, regarding the affairs of Rhode Island Ins. Co. was rejected for purposes of evidence by the California district court of appeals at San Francisco during a hearing. Acceptance of this affidavit was strenuously opposed by the California attorney general and Commissioner Downey.

Rhode Island Ins. Co. had petitioned to the court of appeals for a writ to annul an order of the lower court under which Mr. Downey was empowered to seize the California assets of the insurer.

Attorney Roy A. Bronson, representing the company at the hearing, said that Mr. Downey abused his discretion in taking over the assets. He stated that a grave dispute exists as to whether Mr. Downey's findings were correct. He declared this was a summary seizure without any assurance of an immediate hearing. He was quoted as saying that if the insurance company had asked for trial in the lower court, it would take a couple of years to decide due to the fact that the case would have no preference on the court calendar, unlike an injunction. Deputy Attorney General H. B. Haas, however, disagreed with that estimate and Superior Judge Cronin was quoted as saying that the case could go to trial within 30 days after the company's answer was filed, perhaps within a week if both sides agreed.

Both sides were requested to submit further points on briefs after which the case would be taken under submission by the court of appeals.

Lindsay, American V. P., Is Honored on Retirement

Fraprie S. Lindsay, vice-president of American, was honored at a testimonial dinner given by his executive associates on the eve of his retirement on the company's pension plan on Oct. 1. Members of the board were among the guests. Mr. Lindsay was presented a suitable gift.

Mr. Lindsay's first position was with the home office of New York Underwriters agency from 1902 to 1911. He resigned to join Underwriters Assn. of New York State, continuing there for nine years as inspector, sprinklered risks engineer, and head of the sprinklered risks department.

In 1920 he joined American as special agent in northern New York. He was transferred to the home office in 1923 as superintendent of the improved risks department and in 1927, was elected assistant secretary in charge of the southern department. He was elected vice-president in 1936.

Milwaukee Election Oct. 12

MILWAUKEE—E. F. Wischer, chief of the Milwaukee fire department, will be the speaker at the annual dinner meeting of the Milwaukee Board Oct. 12. He will discuss functions of his department and its effect on insurance business. Officers will be elected. Nominees are Rudolph Laub, R. A. Laub agency, president, to succeed Fred Kasten of Blatz-Kasten & Co.; R. C. Pittelkow, Pittelkow & Sons, vice-president; William E. Calhoun, secretary, and George Y. Wilkinson of Meyer-Wilkinson agency, treasurer. Nominees for directors are Fred Kasten, A. L. Veitenhaus, Russ M. Rutter and G. E. Schwarm.

Elect Marschalk President

F. Paul Marschalk of Clifton, N. J., has been elected president of Passiac County Assn. of Insurance Agents. Anne Z. Ritchie is vice-president, and William G. Heuser, secretary-treasurer. Mr. Marschalk also is president of the Clifton Chamber of Commerce.

Wis. Assn. Plans Meeting of Indian Head Agents

MILWAUKEE—Wisconsin Assn. of Insurance Agents has arranged a regional meeting for the 17 counties of the Indian Head territory for northwestern Wisconsin at Saronia Oct. 13. Speakers will be Commissioner Lange; Charles L. Manson, Wausau, president W.A.I.A.; John H. Carney, Eau Claire, state national director and past president; Norman C. Narten, audit superintendent Wisconsin Fire Rating Bureau; Ambrose T. Yehle, Superior, meeting chairman, and Urban Krier, executive secretary. The work of the rating bureau, operations of the National and Wisconsin associations and their accomplishments will be explained. The sessions will be open to all fire, casualty and surety agents. Plans will be announced for the golden jubilee convention of the Wisconsin association at Milwaukee Oct. 25-26.

Accident Boards Meeting

At the annual meeting of the International Assn. of Industrial Accident Boards & Commissions in St. Louis this week, William E. Kaiser, Chicago attorney and formerly member of the

Illinois Industrial Commission discussed practical methods of enforcing compliance with insurance coverage requirements of workmen's compensation laws. There was also a discussion of the medical hazards of atomic energy, and of the question, have occupational disease laws kept pace with modern industrial diseases? A cocktail party given by the workmen's compensation insurers was one of the features of the convention.

E. S. Giles Is Promoted

E. Stuart Giles has been promoted to an assistant manager of New England Fire Insurance Rating Assn. He will continue to make his headquarters at Springfield, Mass., where he has been branch and division manager since 1921. He graduated at Harvard in 1913 and has been with New England Insurance Exchange since 1917. Before that, he was with Russell & Fairfield and Henry J. Ide general agency at Boston.

\$150,000 Fire at Lincoln

LINCOLN, NEB.—Fire caused damage estimated at \$150,000 to the J. F. Garvey Food Products Co. plant here the night of Sept. 29. Three firemen were injured fighting the flames.

George Mechling, president of the company, which also owns the building, said he could not estimate total damage until water soaked supplies are removed. Damage to machinery was put at \$100,000. The firm makes peanut butter and handles salted nuts, mustard and candy.

Charles E. Bliss Slated

Charles E. Bliss of the law firm of Hershey & Bliss of Taylorville, Ill., has been secured as the speaker for the annual meeting of Casualty Adjusters Assn. of Chicago, Nov. 16.

New President



Holton R. Price, Jr., of the W. H. Markham agency at St. Louis, is the new president of National Assn. of Casualty & Surety Agents, having been elected at the annual meeting at White Sulphur Springs.

YOU BE THE JUDGE AND JURY!



The farmer is putting you in the position of judge and he wants a decision when he says —

"In order to work separated tracts of land I have to drive my unregistered tractor and hay rake over a state highway. My hay rake extends over the center of the road. While traveling this route I meet an oncoming automobile which runs off the road and is damaged while trying to avoid my hay rake. Would my Farmer's Comprehensive Personal Liability policy cover me?"

Could you answer the question?

Put yourself on trial. What are you doing about the farmers in your vicinity? Surely the farmer, who faces as many hazards as any other individual, is entitled to know about the protection he can secure for his family and himself. You lose much if you overlook this big group of prospective customers—customers the Royal-Liverpool Group stands ready to assist its agents in reaching.

Answer to the quoted question is contained in the Group's current issue of "True or False." Your copy is available on request to our Advertising Department.

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It needs insurance protection.

Fur Coat Floaters are a must for Fall solicitation.

The Springfield Group has a new folder on the coverage which will assist in making sales!

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MICHIGAN FIRE AND MARINE INSURANCE COMPANY . . . DETROIT, MICH.
NEW ENGLAND FIRE INSURANCE COMPANY . . . SPRINGFIELD, MASS.

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Fred M. Gund, Rare Fire Insurance Figure, Dies

Crum & Forster Western
Head Was 57 Year
Insurance Veteran

Reminiscences of Great
Individualist Given by
Picnic Collaborator

By HOWARD J. BURRIDGE

Fred M. Gund, one of the rarest fire insurance personalities of all time, died Sunday morning at his home at Freeport, Ill. He would have been 78 years of age Nov. 18. He was the first and the only western manager that Crum & Foster has had. Funeral services were held at his home Tuesday afternoon.

Mr. Gund successfully underwent a cataract operation in July and he had been getting to the office three or four hours a day recently and up until about three or four days before his death. He had complained of asthma, but on Saturday felt well enough to take an automobile ride with Mrs. Gund. Early Sunday morning he felt indisposed and a doctor was called but did not express concern. However, within a half hour after the doctor had left, Mr. Gund died.

Born Into Business

Mr. Gund was born into the fire insurance business at Freeport and it was there that he developed and presided over one of the largest insurance operations in the west, the premium income exceeding \$22 million. His father, Fred Gund, was one of the organizers of German of Freeport during the 1860's. Fred M. Gund attended University of Michigan and then in 1892 went with German of Freeport. He later became secretary. The German paid its obligations in the San Francisco earthquake and fire, but it was exhausted of assets and it was taken over by Royal. Shortly thereafter Mr. Gund became western manager of the old Williamsburgh City Fire and then in short order that company was purchased by U. S. Fire and the Crum & Forster western department was set up at Freeport.

First Rate Business Man

Mr. Gund was able to continue actively in the management during recent years because his home and office were so conveniently situated. It was his wont to go to the office for two or three hours in the morning, to return home for lunch and a nap, and perhaps to return to the office later in the afternoon. He chatted every day with each of the department heads and kept in intimate touch with all that was going on. He made it a point especially to get acquainted with new employees.

He was a man of great good humor, he was forthright, he had excellent underwriting judgment and he was a first rate business man. He was a great conversationalist and his language was punctuated with down to earth expressions for which he was always apologizing, but which it was impossible for him to contain as he got heated up to a story or to a situation that he was expounding. He had the faculty of imparting in simple language to his employees and associates exactly what he wanted done. He never minced matters when it came to correcting anyone, and if it came to the parting of the ways, Mr. Gund did the firing in a forthright way, but so as to leave no scars. He resolved problems and situations into simple terms and discussed everything in a free and easy way. There were no secrets or

(CONTINUED ON PAGE 38)



Fred M. Gund

Fred M. Gund was what is described nowadays as a rugged individualist. In every sense of the two words, he was both rugged and an individualist. He was strong-minded, strong-willed, aggressive, opinionated and hard-working. Basically his philosophy was one of believing in people rather than in rules. He built up the large premium income for Crum & Forster in the middlewest by finding the men for the jobs to be filled, and then giving them the greatest possible freedom of action. He developed many young men, seeming to know instinctively when he had come upon a promising and talented young fellow. An oldtimer among middle west company executives, he was one who gave importance and significance to the development of western departments for fire companies.

His actual record and accomplishments may be found elsewhere in this issue. In writing this, I am just setting down some personal recollections. Fred Gund came of old German stock. Freeport is a German community. Fred lived among German people, liked them, spoke German with them, and always regarded them as solid, dependable citizens. He appointed a large number of German-American agents throughout the middle west. He was representative of the best type of American business man of German descent.

Voice Was Overpowering

His voice was loud and almost overpowering by comparison with others. He never tried to modulate or soften it. He knew it was loud, but he wanted it that way. It gave him a certain advantage in all of his business operations. By employing it, he was usually able to place himself in the dominating position. As he talked along, he did not want to lose the advantage that his loud voice gave him, and so sometimes when his thoughts did not flow readily, he would pause, but would not stop talking, but would just maintain his place in the conversation by saying "Ah" in a very audible way, until he could continue with the remainder of his argument.

This habit of speaking in a louder (CONTINUED ON PAGE 39)

WANT ADS

STENOGRAPHER

Insurance experience essential. Five day week. Full employee benefits. Good opportunity for capable girl in a responsible position with a large well established agency. Our employees know of this ad. Address W-11, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

WANTED

An experienced farm underwriter to assume charge of farm department for well established stock fire company. Address W-9, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Elderly man who has developed a \$60,000 Agency wants to employ well educated, married protestant, 35 to 50, to arrange for employment and sale of business at his death. Chance to acquire a very high grade business in a town of 40,000 located west of Chicago. Address W-7, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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R. M. Cunningham at 50-Year Mark

Robert M. Cunningham, vice-president of Marsh & McLennan this week began the fifty-first year of an insurance career that dates back to Oct. 1, 1899. Through the entire half century, he has been associated with insurance firms in Chicago, and for the past 19 years he has been a member of Marsh & McLennan.



R. M. Cunningham

Born in Chicago in 1882, Mr. Cunningham at 17 joined his father who was western manager of Fire Association and head of W. H. Cunningham & Co., a local agency established before the Chicago fire. He was general office boy, and he recalls that his first job was to clean out the vaults.

In succeeding years Mr. Cunningham was associated with several local agencies which he helped to organize, and in 1930 he resigned a partnership in Huncke, Cunningham & Co. to join Marsh & McLennan. His first job in this position was to manage all insurance coverages for the Century of Progress, during the two years of preparation, two years of operation and two years of demolition.

He has done a similar job for Marsh & McLennan during the past two years in managing all insurance coverages for the Railroad Fair.

In 1937, Mr. Cunningham was elected vice president and secretary of Marsh & McLennan Agency, Inc., the Chicago agency of the parent company, and in 1938 a vice president of Marsh & McLennan, Inc. He has been active with Chicago Board for 30 years, serving as president in 1939 and 1940. He was chairman of the fire patrol committee in 1947 and 1948. He is also a former director of Illinois Surplus Line Assn. and currently is vice chairman of Assn. of London Lloyds Brokers.

E. J. Moroney Heads Chicago Surety Slate

There was an unusually large turnout for the October meeting of Surety Underwriters Assn. of Chicago, the occasion being the reading of the report of the nominating committee for officers to be elected in November.

Edmond J. Moroney, U.S.F.&G., was recommended for president, moving up from vice-president this year. John J. Woodmansee, Century Indemnity, is the vice-presidential candidate. He has been secretary. For secretary, the committee recommended A. L. Valentine of the Baur, Christensen & Valentine agency, and for treasurer the nominee is Henry N. Fisher, Fireman's Fund Indemnity.

Bernard J. Neitschmann, National Surety, president of the association, pointed out that the nominating committee's slate is subject to competition if the members desire to present another ticket in time for the November meeting.

Recommended for the executive committee were Mr. Neitschmann; Joseph I. Johnson, Aetna Casualty; Thorleif Narup, Fidelity & Casualty; P. J. Lynch, Standard Accident; William Bowersox, Fidelity & Deposit; Ward Hilton, Hartford Accident, and Palmer Olstad, Continental Casualty.

The committee's report was read by Mr. Woodmansee in behalf of A. A. Korte, Fidelity & Casualty; H. W. Carlson, Aetna Casualty and Julian Neal, F. & D.

The voting will be on Nov. 10 and

will be in conjunction with the annual party of the association which is always a festive affair. Plans for the party were outlined by Jack Phelan, Maryland Casualty.

Pa. Accounting Hearing

The Pennsylvania department is holding a hearing Oct. 11 in Harrisburg on uniform accounting legislation which was passed in the last session. The hearing will give representatives a chance to discuss uniform accounting, offer suggestions and criticisms, etc. The department then will adopt regulations and issue rules. Thomas C. Morrill, deputy superintendent of New York, and James J. Higgins, head of the uniform accounting bureau in New York, will be on hand at the hearing.

Phila. Premiums Are Up

Premiums in which the Philadelphia Fire Insurance Patrol is interested the first half of this year amounted to \$8,306,382, which is an increase of \$250,793, as compared with the same period last year. Stock companies of other states had premiums of \$5,052,984; Pennsylvania stock companies, \$1,915,564; stock companies of foreign countries, \$619,275; mutual companies



Convivial group at Old White Club at White Sulphur Springs during casualty convention—Commissioner Harrington of Massachusetts; C. A. Baker of Milwaukee; Commissioner Allyn of Connecticut; Willard Jainsen, vice-president of Hartford Accident; Martin Lewis, manager of Surety Assn. of America, and Lowery D. Finley of Norfolk.

of other states, \$491,412, and Pennsylvania mutuals, \$227,147.

the field engineering department, will serve as a field engineer and assist in production.

Atlantic Mutual Adds Two

Ormond C. Ewers and Robert F. Goode have been added to the Atlantic Mutual Staff at Syracuse, N. Y. Mr. Ewers, previously special agent for Phoenix, will be special agent in New York state and Mr. Goode, formerly in

Missouri Fire Prevention Assn. met at Columbia to discuss the new inspection guide for town inspections. Arthur L. Corey, Travelers Fire, was moderator, and William E. Edom, Missouri Inspection Bureau, gave advice on electrical matters and their treatment.

Is the Insurance Agency really an Insurance Store?



THE AGENCY'S SHOW-WINDOW

How can the Agent
make his Show-
Window work for him?

The retail merchant uses his show-window to display his wares and thus to attract the public into his store.

Of course, it's a bit difficult for the agent to display the products which he sells. Yet his window, too, can be used to attract the public to his insurance "store."

The one thing everybody is interested in

is himself, so your show-window will be most attractive if what you put into it is of personal interest to the people who look at it.

If, in addition, what you have in the window has a bearing on the insurance business—you have a winning combination. A display of fire extinguishers with an explanation of their use is a sample of something which might interest people and which also relates very closely to insurance.

Whether we are "merchandising" commodities or insurance, our advertising is best when spelled with a "U" and not with an "I."



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ATTRACTIVE OFFICE SPACE For Rent

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Butler Urges Unity in National Issues

(CONTINUED FROM PAGE 2)

and once this question is answered negatively, Mr. Wilson is in a position to write all the business.

A program such as this costs the assured about 4% of his earnings. Mr. Wilson has an arrangement with his local bank permitting financing on a 40-30-30 basis for three years, and after the first expiration, he said further financing is not needed since the client knows what will be required.

Grand Ledge Wins Award

The Kalamazoo trophy award given to the local association doing the most outstanding job in public relations, education, and membership gain was given this year again to the Grand Ledge Assn. Frank P. Kavanaugh, president of the Kalamazoo Assn. made the presentation.

As retiring President Russell A. Bradley of Ann Arbor stepped down from office, Joseph W. Mundus presented Mr. Bradley with an inscribed gavel. Mr. Mundus said he was happy to welcome Mr. Bradley back into the agency ranks. Mr. Mundus has been handling Mr. Bradley's business and needs some relief.

Other speakers on the final session were Carl L. Strong, coordinator of insurance education at Michigan State College, who explained how educational courses could be arranged with the cooperation of his school, and M. Frank McCaffrey, Detroit, chairman of the committee on laws and legislation, who described the new insurance bills enacted by the recent legislature.

A number of past presidents were seated at the head table for the luncheon and these included Clyde B. Smith of Lansing, who is also a past president of the National association; Lee A. Dudley of Battle Creek; Fred L. Winter, Muskegon; Joseph W. Mundus of Ann Arbor; Martin Mullally of Muskegon; Guy M. Cox of Iron River; Arno R. Schorer of Kalamazoo, and Howard W. Huttenlocher of Pontiac. Commissioner Forbes, who is also a past president of the association, attended with Superintendent Dineen of New York and Commissioner Harris of Minnesota.

SIX HURT IN AUTO CRASH

William Flint, director of the complaints division of the Michigan insurance department, is expected to be confined for some time in St. Mary's hospital. Grand Rapids, with injuries suffered in an accident last week in which five other department employees were less seriously hurt when their automobile crashed into a tree on the return trip to Lansing from the convention of Michigan Assn. of Insurance Agents. Mr. Flint suffered two fractured vertebrae, a brain concussion and severe bruises.

Miss Ruth Sheehan, a department clerk, also was painfully hurt, suffering a dislocated hip.

Percy Andrus, head of the policy analysis division, suffered a severe scalp wound. He was the driver of the car, his own. It was reported that the steering mechanism jammed or broke and the machine went out of control, plunging across a ditch and into a tree.

Others suffering minor injuries were John W. Wickstrom, head of the casualty division, Marie Denewith, and Patricia McIntyre.

MICHIGAN MEETING PICKUPS

There was a large representation from Home attending the Michigan gathering. At the headquarters were R. E. Minner, vice-president of the western department; James Gibbs, marine special agent; Gordon Ferguson, marine manager of Home Indemnity at Detroit; George L. Stone, fire company state agent; L. D. Alber, Detroit manager of Home; Robert Wood and Clarence Hubbard, state agents; William Nicholson, marine supervisor; Special Agents L. Campbell

Wernet, Walter Seelinger, Larry Daw, Harold Jilison, V. P. Dunlap, George Correll, Richard Harrold; Charles Caidin, special agent of Home Indemnity; E. K. Thornburg and Robert Reeves of the farm department, and Dennis Smith, assistant manager of the farm department at Chicago.

Home gave a luncheon for the agents in the headquarters which 150 attended. This was a spur of the moment idea and proved to be eminently successful.

Roy Davis, Chicago manager of Assn. of Casualty & Surety Companies, attended the convention.

Representing the Western Underwriters Assn. were E. H. Born, manager, and Clarence Metzger.

Stewart H. Manson, secretary of Michigan F. & M., was in evidence representing his companies.

On hand for Associated Aviation Underwriters was Donald Wilson, assistant manager at Chicago.

Mere Shift to Deductible No Cure to PPF Problems

(CONTINUED FROM PAGE 2)

tinue through 1949 and most of 1950 because three year term policies predominate in the floater field.

Blanket policies in force throughout 1948 were mostly full coverage; and blanket P.P.F. policies which expired in the year were mostly full coverage. The great majority of renewal or new blanket policies issued in 1948 were deductible. As a result of these opposite but simultaneous trends, the premiums written in 1948 were predominantly those for deductible policies whereas losses paid were predominantly full coverage losses. This explains why, when full coverage premium volume was shrinking, the losses were increasing, and accounts for the spread of 42.81 percentage points between the two written-premium loss ratios in 1948.

The really final net underwriting results for the year 1948 are shown by the earned premium loss ratios of 61.53 on deductible and 73.79 on full coverage. The 61.53 deductible ratio was not quite as bad as the full coverage ratio, but was bad enough. It is too high on any class of floater insurance, particularly where the volume of business involved is relatively new and immature, as with the deductible blanket P.P.F. last year. Thus the final earned-premium loss ratio on deductible blanket P.P.F. coverage for 1949 can be expected to be higher than the corresponding figure of 62.53 for 1948.

Hence a mere shift of the same amount of coverage from one class of policy to the other is no cure for the situation.

Finance Company Wins on Insurance Claim

A loan company has been absolved of liability by California district court of appeals for a loss suffered by a borrower after he had paid off the loan but while he thought he still had insurance under a policy that was in effect during the period of the encumbrance. The case was Goehring vs. Stockton Morris Plan Co. Goehring bought an automobile from one Blay and the financing was done by Stockton Morris Plan Co. Later Goehring and Blay paid off the balance of the loan and Goehring maintained that the agent of the finance company asked him if he wished to retain the insurance on the car and that he replied that he might as well. Papers in regard to the automobile and policy were mailed to Goehring and the latter testified he did not look at the policy but just put it away. After a loss happened, the insurer denied liability on the ground that it was never notified of the change of ownership.

The court said the accident happened nearly two months after Goehring received the policy and in that time he did not examine it or inquire as to whether he had been substituted as the insured. He did not request that his name be substituted as the insured nor did the finance company promise to cause such substitution to be made. The defendant was not an agent for the insurer and had no authority to make such substitution.

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FIELD

Hymel Named Ass't Agency Secretary, Hogan Upped

Arthur P. Hymel has been named by Royal-Liverpool as assistant agency secretary in the eastern department. Succeeding Mr. Hymel as state agent in Providence, R. I., is John J. Hogan.

Mr. Hymel joined Royal-Liverpool at New Orleans in 1924. He was transferred to New York City in 1927 as an underwriter. After experience as a state agent in western Pennsylvania and later in the New York suburban territory, he was transferred to Rhode Island in 1946.

Mr. Hogan has worked with Mr. Hymel in Rhode Island since last July. Previously he had served in various departments at New York City and as a special agent at Boston. He is an air corps veteran.

Seattle Golf Team Wins

Seattle Blue Goose golf team won the A. Z. DeLong trophy by defeating the British Columbia pond by four points in the annual home-and-home tournament. Seattle earlier had taken the second tournament at Capilano golf course, Vancouver. At the Seattle pond's first fall meeting, a cocktail hour was followed by a dinner, business meeting and entertainment.

Kenens in So. Cal. Field

The Springfield group has named James E. Kenens special agent in southern California, succeeding Robert C. Baer, resigned. Mr. Kenens has been in the underwriting department at Los Angeles for some time.

Golf Tourney at San Diego

San Diego puddle of Blue Goose will hold a golf tournament Oct. 20, followed by a dinner. Local agents of San Diego will be guests. Several members of California pond, of which the San Diego puddle is a part, also will attend.

Garton in Tennessee Field

Commercial Union has appointed John W. Garton special agent for Tennessee, associated with Special Agent R. W. Davis. Mr. Garton has spent several years as an underwriter at the home office.

Ohio F.U.A. Meets Oct. 11

Ohio Fire Underwriters Assn. will meet Oct. 11 at Columbus. W. H. Witherspoon, Aetna Fire, chairman, reports for the special information committee. R. A. Foltz, Springfield, will talk on public relations and the place for the 1950 annual meeting will be discussed.

Oklahoma Blue Goose is planning an initiation Oct. 7.

Open New Claim Offices

New district claim offices have been opened at Eugene, Ore., and Sacramento, Cal., for Northwestern Mutual Fire and Northwest Casualty. J. R. Burns, veteran adjuster at San Francisco, heads the Sacramento office. Fred E. Bronn is in charge of the office at Eugene. The area bounded by Albany, Roseburg, Coos Bay and Newport will be served from Eugene.

McGovern Named Manager

John J. McGovern, Jr., has been appointed manager of General Adjustment Bureau at Erie, Pa. He will relieve Arthur M. Zell, who has been in ill health for some time.

Mr. McGovern is a graduate of Notre Dame. He joined the adjusting staff at Pittsburgh in 1940.

A VALUABLE PLAN



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Insurance programs for business are rarely complete with only fire and casualty insurance. Any partnership, proprietorship, close corporation, or company with one or more key men important to its continuing success, needs life insurance, too.

Property insurance will not help if an officer-stockholder dies and his widow seeks to exercise her part ownership, or expects to take as much from the company as her husband did. Protection is incomplete if the sudden death of a sales manager or research director will embarrass the company. What would you do if your partner's heirs wanted his share in your business? Life insurance, properly applied, will prevent financial loss to businesses in situations like these.

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Get a copy of Connecticut Mutual's new visual selling kit "Safeguarding the Stockholders of the Close Corporation". See how easy it is for you to add substantial commissions from your present commercial clients. At the same time you will solve very serious future financial problems for many of them. This visual booklet is easy to use—you show it to your prospect and he reads the sales story, point by point, from the booklet. Complete instructions on the use of the booklet are sent with it.

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EDITORIAL COMMENT

Profits—Or Else

All the criticisms of business, big or little, and all of the suggestions as to what it should or should not do, overlook one thing. There are literally hundreds of thousands of businesses that cease to exist every year, most of them because they did not do the things that successful businesses do, among them those things for which business is sometimes criticized.

In 1929, there were 3,097,000 businesses of all kinds in the United States. At the end of 1948, after the biggest upsurge in new firms that had occurred in decades, there were 3,967,400. This is a net gain of 870,420. With the prosperity created by the war, a great many new businesses were launched, 2,271,000 in the period 1944-48. But 1,290,200 went out of existence in an era of unprecedented prosperity.

All this is to say that if a business does not make a profit, meet its payroll, and provide materials or service for which people will spend their hard-earned money, it evaporates. The people who operated it are still alive and have to make a living, but with some other business organization that is making a

profit; but that particular creation, that specific business, no longer exists. All criticisms of it have become academic.

The modern contempt in which profits are held is hardly understandable. Profits do not exist by themselves but are a small surplus, a bit extra, that is left over after all the major obligations of a business have been met. They are not necessarily a badge of success as much as proof of continuity up to now. As long as a business can show a profit for the year, it is a little like the batter who on third strike fouls into the stands—he has a life left. The business has one more chance, that of facing its many problems at least for a time in the new year. It is doubtful if many businesses can survive indefinitely by only breaking even, and of course on miscue under these circumstances might prove disastrous.

Little wonder businessmen are astounded when they hear profits condemned. They spend a lot of heart and head throughout the year to do just a little better than break even, and the fact that they did so calls for congratulations and applause, not criticism.

Employee Shareholders

The proposal of the North America directors to permit employees to buy stock at a price 20% below the market value, is attracting much favorable attention. In the 1920's when the par value of insurance company stocks was being reduced to bring the shares within the price range of the average investor, a great deal of emphasis was placed upon bringing employees and agents into the insurance company stockholder fold. The idea was sound then, but the timing was wrong because it coincided with the great stock market fury that engaged the country. Many employees and agents made commitments for insurance equities at prices that turned out to be three or four or five, or worse, times the subsequent bottom. Of course, it may be said that even so, purchasers of insurance shares in the late 1920's were far better off than those who went into other sections of the market and invested in shares that had no bottom at all, but by and large, because of the timing, more harm than good was done by the program to cement the ties of employees and agents to the various companies by acquiring an ownership interest.

That was unfortunate because had this

movement gotten under way at a time when equity values had not been blown up to unrealistic proportions, employees would have entered upon a savings program that would have produced good growth and fair income. Their sense of loyalty would have been enhanced. They would have seen their efforts translated into tangible rewards of ownership, and all in all, it would have promoted the esprit de corps in insurance institutions enormously.

During the 1930's, new capital was not needed in the insurance business and employees didn't have the ability to supply it anyway and they were still so smarting from their stock market wounds that very few would have been willing to have made further commitments if they had the wherewithal to do so.

Then, during the war, of course the emphasis was on war bonds and it would have been entirely inappropriate to have gotten employees to put their savings into insurance equities. Following the war, when the market stringency developed and a number of the companies felt compelled to raise additional capital, in retrospect, it would have been an excellent move to have

made an appeal to the employees, but of course they could not have supplied all that was wanted and the prospects seemed to be unappetizing at that time because of the huge underwriting losses that were being suffered. Now, the atmosphere has cleared and this may very well be a good time to make overtures to employees to acquire a stake in the companies.

From an investment standpoint, the companies are in excellent condition. They are burgeoning with cash and government bonds and the froth of inflated securities values that was present in the 1920's is lacking. The value of insurance shares has gone up in sympathy with the current period of improved underwriting earnings and probably in anticipation of increased dividends and stock splits and, of course, there can be no assurance that the values will not decline when underwriting conditions deteriorate. But even here we think there is something of a backstop in the form of the new rate regulatory laws. These statutes give the insurance companies rights, as well as impose upon them obligations, and they are not likely to have to suffer prolonged periods of drouth in the future before they are able to get their rates into balance.

In any event, the provision in the North America plan that permits employees to subscribe to stock up to 20% of their salary in any one year, and with a limitation of 50 shares per year, at 20% below the market value, is an interesting plan. From the employee's standpoint, it gives him a real bargain and, at the same time, it removes a very large element of the speculation from the investment. That is a most important consideration. The management

and the other stockholders, by extending this privilege to the employees, will want to get value received in the way of esprit de corps, effective, intelligent and economic performance of duties and loyalty on the part of the organization. It could very well be disturbing to employees to enter upon such an investment program and then to see the market value of their shares decline and if that should happen, the plan might very well have an upsetting effect on the organization rather than serving as a tonic. It seems to us that this offers a fair and attractive proposal to employees and one that should naturally redound to the benefit of the other stockholders.

It will have the interesting effect of producing a continuous increase in capitalization and surplus resources for the company. The authorized capital has been increased to \$30 million. It is proposed to increase the capital outstanding at this time from \$15 million to \$18 million by payment of a stock dividend and that will mean that over the course of years the capital could be gradually increased to \$30 million by the exercise of the employee privilege to invest. This will produce additional funds which must be put to profitable use and it will be to the immediate advantage of the employees to see that the best possible use is made of it. It may turn out to be a highly convenient way for a company to increase its free resources. Sometimes when capital is increased at one fell swoop by the sale of a large block of additional shares, the company is faced with an unusual investment problem, but here the new funds, coming in gradually, can be assimilated into the going investment program in a natural way.

PERSONAL SIDE OF THE BUSINESS

Paul W. Terry, manager of Missouri Inspection Bureau, St. Louis, observes a triple anniversary Oct. 10—his 46th wedding anniversary, his birthday and completion of 30 years as bureau manager.

Ed. D. Lawson, vice-president and western manager of Fireman's Fund, provided himself and his president, James F. Crafts, with a thrill last Thursday evening by getting into telephonic communication with Mr. Crafts on the Queen Mary, 500 miles at sea from New York. Mr. Lawson was entertaining a group at dinner on his power cruiser, the "Jandeled" at Chicago, which is equipped with ship to shore telephone. It occurred to him to try to send greetings to Mr. Crafts and within 15 minutes he had the latter on the phone on the Queen Mary. Mr. Lawson's call was picked up at Rogers City, Mich., relayed from there to New York and then to the Queen Mary by the marine operator. Among those with

Mr. Lawson at the time was Arthur Andersen, assistant western manager.

R. S. Thorp, deputy general manager, and George J. Gould, manager in charge of overseas affairs of Prudential of England; and Iwar Sjogren, managing director, and Gunnar Kalderen, vice-manager of Skandia are in New York City on a visit with J. A. Munroe, vice-president of Prudential and assistant U. S. manager of Skandia, and other official department heads of the New York head offices of the two companies.

During the past summer several navy reserve officers served their two-week training periods in the insurance branch office of naval material at Washington. These included Lt. Cdr. Madison S. Massey, of Dunlap & Co., Atlanta; Lt. Cdr. Russell Townsend, Jr., associate general agent Equitable Life of Iowa, Indianapolis; Lt. (jg) Harlan J. Miller, Jr., of the Fred H. Pocock agency, Fort Wayne, Ind., and Chief Warrant Officer William T. Howe, Jr., navy insurance

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THE NATIONAL UNDERWRITER

PUBLISHED EVERY THURSDAY

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liaison officer on cost accounting under government contracts, cost inspection service, bureau of supplies and accounts, Washington. The purpose of this training duty is to acquaint reserve officers with the current administrative procedures and policy of the navy insurance program.

Edward V. Mills, vice-president and controller of Fireman's Fund, was a guest on the first flight to Tokyo of a new double deck Pan-American Clipper.

T. Edward Nation, assistant superintendent of agencies of Travelers Fire, formerly manager at San Francisco, is visiting west coast branches.

Herman H. Engelhard, president, and **Albert Potter**, manager of the Lloyds department of Engelhard-Krogman & Co., Chicago, on Oct. 7 are flying to London. They will visit W. A. Stickland and other Lloyds underwriters, the home office of London Guarantee and Sun. Mr. Potter is returning to Chicago on Oct. 18 and Mr. Engelhard will visit several home offices in the east and return by Oct. 22.

W. H. Noel of the Lewis, Noel & Jones agency, Harlan, Ky., was re-elected treasurer of the Kentucky-Tennessee district of Kiwanis International at its convention at Lexington, Ky.

William J. Reynolds, chairman of Corroon & Reynolds, is making a fine recovery from a recent abdominal operation. He is recuperating at Atlantic City, and is expected shortly to return to his desk.

Hermon Dunlap Smith, executive vice-president of Marsh & McLennan, has been appointed by Gov. Stevenson of Illinois as a member of a new board of public welfare commissioners. They will serve in an advisory capacity to the state department of public welfare in the administration of welfare institutions and services.

Sam C. Carroll, Jr., and **Mary Ann Buchanan** will be married at Detroit Oct. 15. The bride's father has been with the Aetna Life companies for 35 years while the groom's father was with Mutual Benefit H. & A. for a quarter century prior to his retirement last November. The younger Carroll is with the Brink agency of Mutual Benefit at Detroit.

DEATHS

Clayton A. Teasdale, 65, president and cofounder of California Agencies, Inc., for more than 25 years California general agents for Continental Casualty and other companies died at San Francisco. He suffered from a heart ailment and had been in St. Luke's hospital for the past three months. Two weeks prior to his death he had attended the funeral of his wife in a stretcher.

Charles Seeley, 51, of the general agency of Rathbone, King & Seeley, San Francisco, died suddenly while on a business trip to Los Angeles. Mr. Seeley was head of the independent casualty company group that cooperated with other groups in legislative and public relations matters.

Ezekiel E. Keller, 72, special agent for the arson department of the National Board for 19 years, died at New York, after an illness of three weeks. Mr. Keller had served with the New York police department for 30 years before joining National Board in 1930.

Mrs. Whitfield King, who assumed control of the Whitfield King & Co. agency of Memphis when her husband died in 1947, died in a Memphis hospital as the result of an automobile crash near Hot Springs.

F. J. Tompkins of the underwriting department of New York Underwriters died at Orange Memorial Hospital, Orange, N. J. He started with New York Underwriters in 1910 and traveled in Wisconsin from 1924 to 1938 when he was recalled to the home office.

Lew Palmer, 46, superintendent of

engineering for Pacific Employers and since 1937 a leader in that field died at his home at Carmichael, Cal. He had been suffering for a number of years from an ailment which required a leg amputation. He has been in charge of engineering in the Sacramento Valley since the company established a home office branch there in 1947.

Frank Arrison Church, 80, retired local insurance agent at Paris, Ill., died at the Cunningham Nursing Home in Charleston, Ill., where he had been a patient for a year. Mr. Church entered the business in 1919 when he purchased the Walter Tanner agency with which he continued until 1937, when his son, Frank Axson Church, took over.

Ernest C. Smith, local agent, died in Sarasota, Fla., where he had lived for 24 years.

John W. Phillips, 64, vice-president of Liberty Mutual, died in Holliston, Mass. He had been with the company 32 years, 16 as vice-president.

George W. Casey, vice-president and secretary of Motor Vehicle Casualty of Chicago, died suddenly of a heart condition at his home at Oak Park at the age of 55. He had been ailing for a number of years, but had been able to keep at his work most of the time except for brief periods of incapacity. He was chairman of the Illinois automobile assigned risk plan and was secretary of National Assn. of Independent Insurers. In recent years, particularly, he had taken quite a lead in organization affairs and was one of the mainstays of the independent insurers organization. He had been with Motor Vehicle 26 years, starting when it was a reciprocal known as Motor Vehicle Underwriters. He had been vice-president and secretary since 1932. In his earlier days he was with the Chicago Open Board of Trade.

Lyle D. Tabor, 59, an attorney for Wolverine of Lansing for 3½ years, died at his home there. He was active in American Legion affairs.

Alfred Bentall, 77, former director of insurance for Michigan Farm Bureau, died at his home in East Lansing. Mr. Bentall retired from active service when the bureau severed its connections with the State Farm organization last Dec. 31. He had been with the bureau from 1922 and was named director in 1926.

William R. Fisher, 87, veteran local agent at Carrollton, Ky., died there after an illness of several weeks. His business was founded in 1878. Since 1947 it had been operated as the Fisher-Broberg agency, in which his grandson, W. L. Broberg, has been active. Mr. and Mrs. Fisher had planned to celebrate their 66th wedding anniversary Oct. 1.

New Illinois Reciprocal

Illini Insurance Assn. of Champaign, a reciprocal, has been licensed by the Illinois department to write full cover automobile. Illini Management Co. is attorney-in-fact and the president of this organization is Robert J. Williams. Howard E. Wyman is treasurer. Messrs. Williams and Wyman conduct a local agency at Champaign, representing Central States, Lumbermens of Pennsylvania, Western States Mutual Auto and Western Surety. The reciprocal has put up a deposit with the state of \$20,000.

Sawyer in Partnership

NEW YORK—E. W. Sawyer and Shaw, Delaney & Pomeroy have formed a new partnership, Sawyer, Delaney, Shaw & Pomeroy. Temporarily the partnership will retain two locations, 79 John street and 347 Madison avenue here. It will engage in general practice with insurance its specialty.

Mr. Sawyer is secretary and counsel of National Assn. of Insurance Brokers and counsel and administrative director of National Assn. of Casualty & Surety Agents. He will also continue his ac-

tive interest in the affairs of metropolitan insurance brokers and broker-agents.

San Francisco Insurance Women's League admitted 53 new members at its last meeting. In all 140 members and

guests attended. History of the league and the objectives of the national organization were reviewed by Mrs. Alice Hewitt, past president. Pat Reid, past president, and Ione Davis, president of the Oakland chapter, told of the national body's activities. At the next meeting Oct. 17, Dion Holm, city attorney of San Francisco, will speak.

RHODE ISLAND INSURANCE CO.

Statement of Conditions June 30, 1949

ASSETS	
Bonds	\$3,581,268.01
Stocks	2,135,951.33
Cash Balances	1,071,041.43
Agents Balances Outstanding	1,014,023.22
Balances Due from Reinsurers	1,681,496.17
Reinsurance Recoverable, Other Assets	837,500.41
Accrued Interest	56,355.05

TOTAL ASSETS \$10,377,635.62

LIABILITIES	
Reserve for Unearned Premiums	\$3,219,996.29
Losses in Course of Adjustment	545,096.00
Reserve for Taxes	145,474.64
Reserve for Expenses and Other Liabilities	329,641.68
Funds Held Under Reinsurance Treaties	3,974,791.63
Contingency Reserve	\$ 100,000.00
Capital Stock	\$1,000,000.00
Net Surplus beyond all Liabilities	\$1,062,635.38
Surplus to Policyholders	2,162,635.38

TOTAL LIABILITIES \$10,377,635.62

All securities at market or at National Association of Insurance Commissioners valuations whichever may be less.

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Future of White Sulphur Meetings Is Weighed

Traditional Purposes Are Vanishing—New Approaches Studied

A number of those attending the big casualty convention at White Sulphur Springs last week got to discussing what the future of these gatherings ought to be. The meeting was pleasurable for everyone and it was perhaps the largest attended meeting of National Assn. of Casualty & Surety Agents that has ever been held, with about 100 on hand. However, the question is being discussed as to what purpose these meetings now serve and whether there should be some change in the setup.

Originally the gatherings served two capital purposes. The first was an opportunity for executives of member companies of National Bureau of Casualty & Surety Underwriters and non-members to fraternize in a social atmosphere under the auspices of an organization known as International Assn. of Casualty & Surety Underwriters. This organization had no other purpose except to be the vehicle for a convention. At the company convention, matters of business, and especially those in the area of competition, have been religiously avoided. The idea was to bring officials from within and outside the bureau together for a purely social few days, so that they might know one another personally and thus in their business dealings, at least, they would be more comfortable with one another and be more prone to cooperate on matters involving the mutual welfare.

Change Is Seen

However, in recent years, the bureau and non-bureau people have been brought closer and closer together in connection with legislative matters and other cooperative endeavors of a non-competitive nature through membership in Assn. of Casualty & Surety Companies. Today, there are only three or four companies that belong to International Assn. of Casualty & Surety Underwriters that do not belong to Assn. of Casualty & Surety Companies. Thus, in a sense, one of the main purposes of the casualty convention at White Sulphur no longer exists. One suggestion, it is understood, is that the international association be extinguished within a year or so and that if the White Sulphur conventions are continued, they be held as meetings of Assn. of Casualty & Surety Companies and that the business sessions be devoted in forthright fashion to matters of importance to that association.

Another principal purpose of these meetings was to bring the casualty general agents into intimate contact with company executives. At that time, there were many true casualty general agents throughout the country and they had, of course, an exceptional community of interest with the companies. The White Sulphur group developed into one of fast friendships. There was a great deal of spirit at these meetings and there were leaders in the company and agency ranks that sparked the proceedings in great style. It was a social week of preeminence.

(CONTINUED ON PAGE 37)

O'Connor Reviews Battle Over Cash Sickness Measures

E. H. O'Connor, managing director of Insurance Economics Society, in a report on the legislative sessions to his member companies, observed that only one state adopted a compulsory system of cash sickness benefits, this being New York. He pointed out that under the New York plan, private insurers are permitted to compete with the state fund for the writing of the business.

Bills providing for an exclusive state compulsory system of cash sickness benefits were introduced in Colorado, Connecticut, Illinois, Maryland, Massachusetts, Minnesota, Montana, New York, Pennsylvania, Tennessee and Wisconsin. Bills calling for a compulsory system for permitting private insurance to participate were introduced in Delaware, Florida, Illinois, Massachusetts, Minnesota, Nevada, New Mexico, New York, Washington and Wisconsin. To provide compulsory sickness benefits through private insurance plans only, bills were introduced in Massachusetts, New York, Washington and Wisconsin. In the field of federal legislation, he reported that the society cooperated with other groups and successfully defeated proposals that affected insurance either directly or indirectly. The latest victory was the defeat of the President's reorganization plan No. 1, the only one of seven plans so far submitted by the President to be defeated.

HR 6000 Still Pending

There is still pending in Congress HR-6000—expansion of the social security act. This is a 201 page document affecting every person in the country, he said. It is particularly important to insurance, because it provides for paying a death benefit to every insured worker and permanent and total disability benefits, thereby invading the private insurance field in a manner never before attempted.

Mr. O'Connor said that he appeared before eight state legislative committees and the Senate subcommittee on health at Washington. He was successful after personally appearing before legislative committees in helping to defeat a compulsory sickness bill in New Mexico after the measure had passed the senate; defeating the governor's program in Massachusetts by three votes and throwing the Washington state proposal into a referendum to be voted on by the people in November, 1950.

Mr. O'Connor opines the people themselves are not interested in having the

To Tackle N. Y. Disability Rules

The proposed rules and regulations under New York's disability benefits law, which will be the subject of a hearing Oct. 20, at Albany, pertain to questions that must be answered before July 1, 1950, when the law will become fully effective, according to Mary Donlon, chairman New York Workmen's Compensation Board. Existing disability benefits plans and the temporary contribution beginning Jan. 1 and ending June 30, 1950, will be covered.

Regulations on other provisions of the law will be prepared and submitted for discussion at a public hearing late winter or early spring.

Agenda for Oct. 20 Hearing

Oct. 20 hearing will cover definitions of employer, employee, employment, and covered employer; remuneration that constitutes wages; plans the employer is obligated to continue beyond July 1, 1950; plans employer is not obligated to continue; right of employee in certain cases to choose between benefits under plans and benefits under the law; new plans and the employee's right to accept them; what are "benefits at least as favorable" under the law; obligations of employers to employees not covered under a plan; procedure for filing plans; notices and reports of plan modifications required under the law; status of "accepted" plans.

The disability benefits advisory committee, which drafted the regulations, includes R. A. Hohaus, chief actuary, Metropolitan Life; and Henry D. Sayer, general manager Compensation Insurance Rating Board.

Doerfler Canadian Manager

Preston A. Doerfler has been appointed Canadian manager and chief agent of Central Manufacturers Mutual.

state provide them with a compulsory sickness plan. To date only four states have enacted such a law and of these Rhode Island, New Jersey and California had already taxed the worker for unemployment compensation, and it was a simple matter to give sickness benefits without imposing a new tax. He expressed the belief that if this situation had not existed, these three states would not have adopted sickness plans and the problem that is now faced would not be in existence. Pressure for adoption of state sickness plans comes from the leaders of labor, he said, and not from the rank and file who wish to provide their own protection.

Form Joint Group in Uniform Accounting Field

Committee Will Weigh Amendments and Definitions of the Rules

NEW YORK—An important step toward solution of one of the most difficult problems confronting fire and



THOMAS F. TARRELL

casualty insurance has been taken with the recent establishment of an industry uniform accounting committee, which will provide a forum to consider amendments to and interpretations of uniform accounting instructions, as well as changes in annual statement blanks. An initial meeting of the committee was held to elect officers and outline plans for the year.

Composed of stock, mutual, reciprocal and independent fire and casualty groups, the committee will consider, among other matters, operating accounts, functional accounts, methods of expense distribution and supporting records as provided for by uniform accounting regulations. It is intended to serve as a clearing house for all suggestions emanating from companies and organizations, to assure that no suggestion will create problems for any other group.

The committee was created as the result of action taken by National Assn. of Insurance Commissioners at its meeting at Seattle last June, at which time an invitation was extended to the business to confer with the N.A.I.C. uniform accounting committee.

Comprising the committee are American Reciprocal Insurance Assn.; Assn. of Casualty & Surety Companies; Associated Factory Mutual Fire Insurance Companies; Mutual Insurance Statistical Assn.; National Board, and National Assn. of Independent Insurers.

Chairman of the committee is T. F. Tarbell, actuary, casualty actuarial department of Travelers, Frank Lang, manager research department of Assn. of Casualty & Surety Companies has been named secretary. All communications relating to uniform accounting problems where the opinion of the business is needed should be addressed to the secretary at association headquarters, 60 John street, New York.

New Officers of Casualty Agents



New officers of National Assn. of Casualty & Surety Agents at annual meeting at White Sulphur Springs: Wheaton A. Williams, Minneapolis, chairman of executive committee and retiring president; Lyle McKown, Minneapolis, vice-president; E. W. Sawyer, general counsel and headquarters executive; Miss Alice Foy, Chicago, secretary; Robert E. Stitt, Chicago, treasurer, and Holton R. Price, Jr., St. Louis, president.

Status of Property Agents Under SS Clearly Defined

WASHINGTON—Insurance agents' friends succeeded in getting into the Congressional Record Tuesday a clear-cut statement of the House ways and means committee's intent with respect to status of property agents under the new social security bill. National Assn. of Insurance Agents is understood to be much pleased with the statement.

During debate on the bill Rep. Harris asked Rep. Mills, Arkansas, a committee member:

"What is the status under the definition of 'employee' (in the bill) of a local property agent selling fire insurance, surety, fidelity insurance, who owns his business, which he may sell at his will?" Mills answered that the status of such agent "was considered by the committee in connection with this definition, and the committee does not intend, and I am reliably informed that the treasury does not contemplate, that they should be included as employees, under this definition."

"The answer I obtained from those people in the Treasury, who will be charged

with the responsibility of collecting this (social security) tax, is that those people (agents) clearly are not employees."

Oswego Agency and Hartford Mark Century Together

Fred M. Riley agency, Oswego, N. Y., were guests of Hartford Fire Monday at a dinner at the Adams House celebrating the 100th anniversary of the founding of the agency. The agency has represented Hartford since 1849, which is the fifth longest consecutive representation of the company on record.

Among the 38 guests, friends, and business associates at the dinner, were Mr. and Mrs. Francis T. Riley; Mr. Riley's mother, Mrs. Fred M. Riley whose husband represented the Hartford nearly 50 years; Miss Margaret B. Sill who has been associated with the agency for many years; W. S. Vanderbilt, secretary of Hartford Fire; Special Agents Harold S. Poole, Jr., Harvie D. Manss, and Wallace F. Lepper, all of Syracuse. Also from Syracuse were Richard H. Spencer, and George

S. Moorey, special agents of Hartford Accident, which the agency has also represented since 1945.

During its 100 years the agency has gone through several major changes. W. J. Pardee, who was appointed in 1849 was followed by Worden Newkirk in 1854. He represented the company until 1878 when Fred W. Lathrop became agent. It was in 1855 that young Fred M. Riley came into the agency as office boy. In 1890 on the death of Mr. Lathrop, his nephew, Joseph B. Lathrop formed a partnership with Mr. Riley which continued until 1905. When Mr. Lathrop died, Mr. Riley bought the agency and it has since been operated as the Fred M. Riley agency.

Since 1945, the agency has been a mother and son partnership, with Francis T. Riley agent and Miss Margaret Sill, secretary.

Francis T. Riley, a graduate of Syracuse University, is president of Oswego Assn. of Insurance Agents.

Culver Golf Party

Bernard M. Culver, chairman of America Fore gave his annual golf party and dinner at Glen Ridge, N. J., Country Club.

The Ernest Sturm trophy again was in competition and won by Walter D. Sheldon, Newark manager, with a net score of 76.

America Fore officers from out of town who attended were: E. A. Henne, vice-president, and E. B. Vickery, secretary, Chicago; L. P. Jervey, vice-president, southern department; H. Clyde Edmundson, vice-president, Pacific department; and William E. Baldwin, manager, Canadian department.

Stationers Instructed

George V. Whitford, assistant western manager of Fire Association, addressed the annual convention at Chicago of National Stationers Assn., on "Getting the Most from Your Insurance Dollar." His audience numbered about 1,000.

Walter G. Dithmer, field supervisor of Western Underwriters Assn., Chicago, and Evelyn Crews of Indianapolis were married at the latter city last Saturday and they are at home at 317 Belden avenue, Chicago.

Aug. Traffic Deaths Show Sharp Drop

Traffic deaths in August dropped 8% from the same month last year, and the 2,750 fatalities were 100 less than July, the National Safety Council has reported.

The record is a deviation from the normal pattern and is the first time in 15 years that August fatalities were less than in July. August deaths were the lowest for that month since 1939.

Traffic deaths in the first eight months stand at 19,290 a reduction of 2% from the same period of 1948. The council notes that the figures are more surprising in view of the high death toll over the Labor Day week-end which got September off to a bad start.

Plan D for "Comp" Only Is Approved in Missouri

Retrospective rating plan D has been approved for use in Missouri, effective Oct. 1, 1949, Superintendent Jackson announces. However it is not permissible to combine workmen's compensation with general liability and automobile liability insurance experience for Missouri. The best that Missouri industries can do is to combine out-of-state experience from those states that have approved the plan with their Missouri compensation experience.

Dixie L. & H. to Move

Dixie Life & Health of Lakeland, Fla., has purchased a building at Tampa, and will move its home office to that city.

Heads Complaint Bureau

Chester J. Trawinski has joined the Illinois insurance department as insurance analyst and head of the complaint department. He is president of Union of Poles Society. He has been with the secretary of state department at Chicago and was formerly in the newspaper business.

American Farmers of Phoenix has introduced a \$10,000 "Family Polio Policy" at a premium of \$16 the first year and \$10 thereafter. The policy covers eight other diseases.

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**DO YOU BELIEVE
That July 4th is a
Legal National
Holiday in the U.S.?**

*Strange as it may seem,
the Act was never
passed making it a Legal
Holiday though it is
annually observed.*

ONE THING YOU CAN BE SURE OF...

... is that Hawkeye-Security-Industrial offer every agent every conceivable help to aid him in building sales. These three great companies give speedy, efficient service, pay claims promptly and provide the highest type of field representatives to work closely with agents. Yes, you'll find HAWKEYE-SECURITY-INDUSTRIAL a fine combination to team up with.

HAWKEYE CASUALTY CO.
SECURITY FIRE INS. CO.
INDUSTRIAL INS. CO.

Des Moines, Iowa

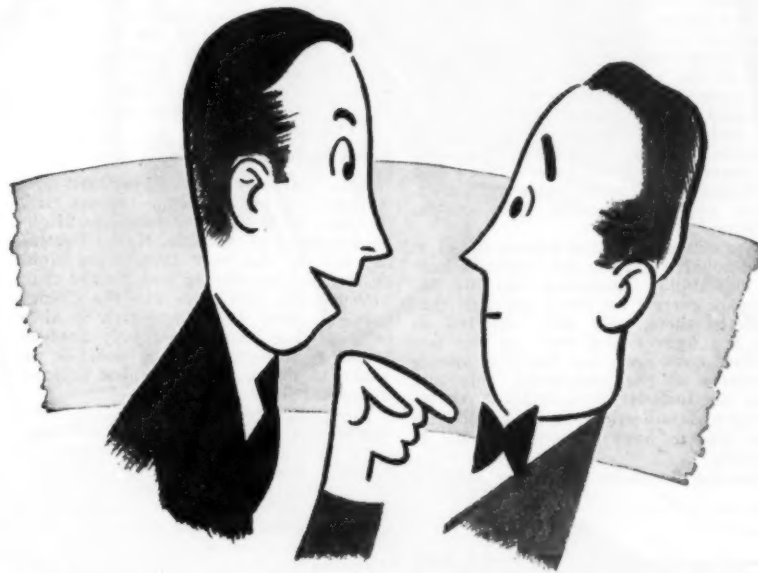
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LUMINARIES AT WHITE SULPHUR CASUALTY CONVENTION:

Above—Col. Howard P. Dunham, vice-president of American Surety; John Harrison, New York City local agent; Laurence S. Jones, U. S. manager of Ocean Accident, and Cliff C. Jones of Kansas City.

Below—T. A. Long, vice-president of United National Indemnity; R. E. McGinnis, president of Central Surety, and J. B. Robertson, president of Employers Reinsurance.



What do you know about American-Associated?

You know that 10 years ago about 99% of our business consisted of automobile insurance—but, do you know what has happened to us since then? For example . . .

- Q. What percentage of AMERICAN-ASSOCIATED'S premium volume do you think is in general casualty insurance lines other than Automobile?
5% — 25% — 41% — 2% — 60%
- Q. How many types of basic coverages do you think AMERICAN-ASSOCIATED writes TODAY?
Two — Three — One — Five — Nine
- Q. What is AMERICAN-ASSOCIATED'S rank among the leading multiple-line casualty insurance groups TODAY?
50th — 4th — 10th — 28th

Answers

Q1. Answer—41%
Q2. Answer—NINE: Liability (other than Automobile), Workmen's Compensation, Burglary and Theft, Glass, Automobile, Fidelity, Surety, Group Accident and Health, Inland Marine.

Q3. Answer—10th.



The answers are given in the panel at left. The "answer" to AMERICAN-ASSOCIATED's rapid expansion, according to our Producers, lies in the prompt, efficient and helpful service they receive from our country-wide network of Branch Offices and Service Offices.

AMERICAN
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Hospital Group Gets Out Critique of Three Covers

The insurance committee of the American Hospital Assn. recently issued the results of a survey of fire, public liability and malpractice coverages together with several recommendations. These three lines were selected because they "represent the major expense for hospitals, as well as presenting more difficulties than other branches of insurance."

About half, 49.26%, of the 3,747 hospitals responded to the committee's questionnaire, and less than that gave figures on premiums and claims. There were 1,596 hospitals that reported \$6,803,120 in fire premiums and \$940,894 in claims, for a ratio of 13.8; 1,628 hospitals reported \$2,675,105 in public liability premiums, \$210,136 in claims for a ratio of 8; and 1,628 reported \$1,786,015 in premiums and \$279,900 in claims for a 16.6 ratio. This is indicated as a five year experience, although the report does not show what five years are covered. The exhibit then totals the figures for \$11,264,240 in premiums, \$1,430,930 in claims, 12.8 loss ratio. The committee

then applied these statistics to all hospitals in the association to come up with a dollar figure of \$26,574,693 in premiums and \$3,422,779 in losses.

Although the committee points out a few of the weaknesses in the exhibit, for example the hospital's own figures are used for claims and no insurer costs are included, it does conclude that "as a whole, however, it can be stated from the figures which we have secured that insurance rates for hospitals are not entirely equitable on the basis of experience."

The weakness of the figures is not at once apparent. They are valueless even as indications. Assuming that the figures are correct for those hospitals that reported them, only 42% reported on the fire figures and 43% on the two liability coverages, and this was among members of the association only and does not include non-members. An insurance classification, to be at all realistic, has to have as broad a base as possible.

On the fire side, under the old Na-

tional Board classification, hospitals were included in public buildings. The new National Board classification, occupancy 85, covers hospitals, sanatoriums, etc., which should give a much better picture. The written premiums on this occupancy class in 1947, the first year for which it is shown, were \$3,883,000 in written premiums and \$1,092,000 in paid losses for a ratio of 28.1%. It should be pointed out to hospital management that this ratio would be substantially higher on an earned and incurred base, which is the realistic one.

Some Serious 1947 Fires

Also, this was for the year 1947 and it does not include some serious fires in 1948. In March there was the Highland hospital at Ashville, N. C. Toward the end of the year there were eight or 10 fires that cost in losses more than \$450,000. In 1949 there was the Effingham, Ill. fire. It is important to keep in mind that insurers not only need as broad a property base as possible on which to figure experience but at least five years in time as well.

The committee contemplates formulating guides for hospital administrators who do not have the time to make a detailed study of insurance, and one of its suggestions to effect an insurance saving is to consider the possibility in local hospitals, in cooperation with state hospital associations, of developing statistics on fire losses in the state and petitioning the insurance commissioner to review rates on this type of insurance, if that is indicated.

In this connection it should be pointed out that hospital management may want to have the rates in a particular state reflect a year or even five years of favorable experience. But it would have to be willing to see the rates reflect the state experience in case of a bad fire—two or three. This by-passes the fundamental insurance principle of a broad spread of risk, which is to insured's advantage. State rating bureaus in making rates follow national indications and figures, and the bad experience in one state is paid for by the premiums of the hospitals in all states. Consequently this suggestion of the insurance committee seems beside the point.

Publicity for Hospital Fires

The committee makes a point that a hospital fire gets headline publicity and the public and insurers have been conditioned to a feeling of horror and fear concerning such fires. Even hospital people have come to believe that there must be a great many fires in hospitals, whereas the reverse is the actual fact, according to the committee. Few organizations are more aware of fire dangers and keyed to the prevention of fires than hospitals.

Insurers do not make rates on the basis of newspaper stories, either in the fire or liability field. Undoubtedly well managed and well constructed hospitals have taken structural and safety precautions against spread and rapid development of fires. However, the nationwide inspection of hospitals which should get under way in a few weeks as a joint enterprise of the hospitals, the casualty companies and fire insurers, agents, field men, etc., should provide a clear picture of hospitals countrywide and how safe they actually are from fire and accident. The results of this program will be of great benefit to the insurance business and hospital management.

It is an injustice, according to the committee, to rate hospitals on an area basis, as other public buildings, for public liability. The committee states that hospitals as a general rule carry malpractice insurance which covers the patients. "Therefore, public liability exposure in hospitals seems to apply to visitors only, while in all other public buildings, such as hotels and office buildings, the public liability must cover not only the occupants of the buildings but also the visitors."

This is not true. The O. L. & T. in-

surance on an office building does not cover the malpractice hazard to which a dentist who rents offices in the building is subject. The O. L. & T. insurance of a hotel does not cover the malpractice liability of a doctor or nurse.

The chief concern of the committee on malpractice insurance seems to be that it is difficult to obtain, that the few companies writing it do so only in the areas where they have good experience and pull out of a territory where experience gets bad. The committee suggests that if these companies pool their experience with the association, more effective safety measures could be adopted by the hospitals and standard regulations and defense measures could be established. The committee plans to work with insurers and their bureaus to get them to set up a rating bureau for malpractice and public liability insurance.

Malpractice and O. L. & T. Combined

This seems to indicate that the hospitals would like to see malpractice and public liability combined, which is not likely to happen. The two hazards are essentially different, malpractice involving the skill of doctors, nurses, etc., and public liability insurance protecting the hospital against liability for more common hazards. The National Bureau of Casualty Underwriters does not make rates or filings for its companies on malpractice; that is individually handled by the companies willing to write it, of which there are not many. The National Bureau does have jurisdiction over public liability for hospitals.

The casualty experience in the hospital field has been consistently bad, according to the insurance people. This has not been solely on public liability, but has been true, at least in the past, of workmen's compensation. Hospitals have been subjected to the same economic forces in recent years that hotels and similar businesses have endured. They have been handling more and more cases. The natural result is an increase in exposure—a much greater number of visitors, crowding, etc. Costs have increased for hospital claims as well as for those of other lines. In the recent O. L. & T. revision, countrywide, hospitals were among the hardest hit by increases, some of them going up by 100%. These figures have to be well justified under the rate regulatory laws.

Sound Value Recommendation

Every hospital should have an up to date appraisal of its property and audit of its insurance coverage, the committee recommends. Many hospitals are not making a proper study of their fire insurance, particularly coinsurance, from the standpoint of the sound value of their properties. If a fire occurred in these hospitals, the hospital might find its insurance would pay only a fraction of the replacement of the part of the plant destroyed.

The committee has received reports from sections of the United States where the situation regarding malpractice and public liability insurance is now very acute, and state hospital associations in those areas are considering seriously forming mutual or reciprocal insurers to handle the matter for them. The committee is conferring with these hospitals, and if they cannot secure some relief, the committee feels it must encourage this development and offer its advice in setting up such reciprocal and mutual carriers.

The committee comments that hospitals have had a great deal of experience in insurance as they have promoted prepayment hospitalization and have certainly demonstrated to insurers the advisability of such coverage. There is no reason why similar success should not develop in other areas of insurance, the report states. However, the committee recognizes the fact that its main concern is hospitalization and it should leave insurance to the insurance field if the insurance people will cooperate with hospitals in developing a sound and

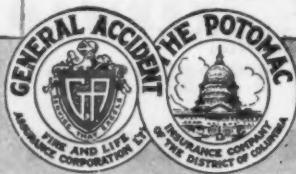
(CONTINUED ON PAGE 32)

1899 1949

GENERAL ACCIDENT'S
50th Anniversary Year

PRIVATE
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Our country has attained its world leadership under a system of private enterprise. The desire to excel in business has produced the high standard of living which we enjoy. Private enterprise or individual initiative, created the things which we value most. As an individual engaged in private enterprise, the insurance agent or broker succeeds only to the extent that he serves his community well. General Accident and Potomac representatives take pride in their calling and have the enviable reputation of being leaders not only in the field of insurance but in their community activities.



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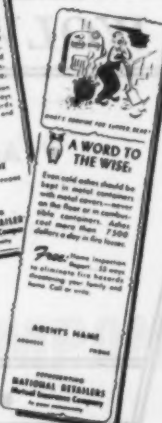
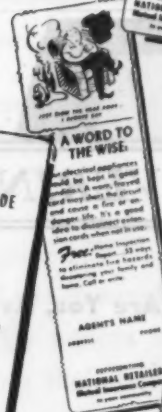
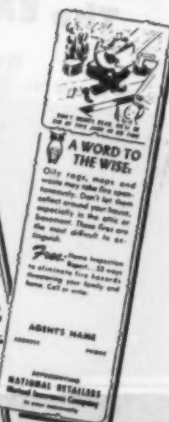
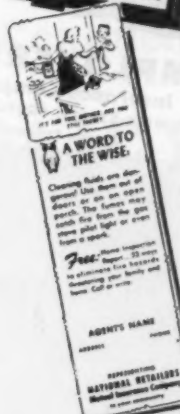
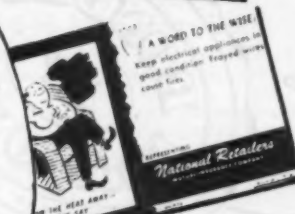
Are you fighting the fires?

Fire losses are lower this year than in 1948—8.9 per cent lower for the first seven months. That's an indicated 63 million dollar saving on our total last year of an unprecedented \$711,000,000.

Over the years, National Retailers Mutual Insurance Company, through its agents, has been in the forefront of fire prevention efforts. In 1949, as in the past, N-R-M agents distributed hundreds of thousands of pieces of fire prevention material—not just during Fire Prevention week, but throughout the year. What's more, N-R-M agents use their mail and their local newspapers to promote fire prevention.

National Retailers is fighting the nation's fires.

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Hired Automobile Classification Is Litigated in N. J.

New Jersey superior court, appellate division, has reversed a decision of the lower court which had held that the term "hired automobiles" includes not only trucks that are rented and operated by the assured, but also to transfers of cargo to other independent interstate transporters. The case was Public Service Mutual vs. White's Express & Transfer Co. A new trial was ordered.

After the policy was issued, an accountant representing Public Service Mutual visited the assured's premises and inquired of the clerk as to where he could find the hired vehicles account. He was shown a disbursement book from which he took the total appearing under the designation "hired trucks" and on that basis calculated that the additional earned premium was \$426.69. However, the testimony on behalf of the assured indicated that the figures taken by Public Service Mutual related not only to trucks which had been rented and operated by the assured, but also to transfers of cargo to other independent interstate transporters.

An officer of Public Service Mutual testified that the insurer considered that the policy reference to hired automobiles covered transfers of cargo to other carriers as well as vehicles rented for operation by the insured. He said the practice was to give the insured a credit on the additional premium payable upon the company's receipt of certificates of insurance evidencing that the independent carriers to whom the cargo had been transferred held B.I. and P.D. policies. There was no evidence that Public Service Mutual had notified the assured of this practice or that he was otherwise aware of it.

The court said that the term "hired automobiles" in a primary sense refers to vehicles rented, possessed and controlled by the insured. Transfers of cargo and their carriage by other independent carriers would thus ordinarily be excluded. Public Service contends, however, that evidence of custom and usage was properly admitted and gave the term a broader meaning to include the transfers as well as the rentals, but the court said the alleged custom or usage must be clearly established and must be known to the parties, or so notorious in the trade as to charge them with notice thereof. The court concluded that the testimony was wholly insufficient to establish the alleged custom or usage.

Herrman V.-P. and Secretary of Motor Vehicle Cas.

Cedric Herrmann has been elected secretary as well as vice-president of Motor Vehicle Casualty of Chicago, thus giving him the same titles that were held by the late George W. Casey. Mr. Herrmann has been with the company 18 years and has been in charge of claims.

Wash. Asks Insurers for Underwriting Pledge

Commissioner Sullivan of Washington has asked the companies to sign a statement that in order to carry out the purpose and intent of the auto financial responsibility law that becomes effective Feb. 1, all persons in Washington applying to the company for auto liability insurance will be considered by the same underwriting methods and standards, and stating that all agents will be advised that such a statement has been signed.

Actuarial Anniversary

The 35th anniversary meeting of Casualty Actuarial Society will be held Nov. 18 at the Hotel Biltmore, New York. At the dinner Nov. 17 special effort will be made to have older members of the society on hand to commemorate the anniversary.

Ohio Study Group Set Up

Representative Mark McElroy of Cleveland and Senator Edward Walsh of Dayton have been named chairman and vice-chairman respectively of the Ohio state disability insurance commission. The commission was created by the legislature to study unemployment disability legislation. It will report at the next session of the legislature.

Add Two to Syracuse Staff

Ormond C. Ewers and Robert F. Goode have joined Atlantic Mutual at Syracuse. Mr. Ewers, who has been special agent for Phoenix of London, will be special agent in New York state, and Mr. Goode, who has been in the Atlantic Mutual field engineering department, will serve as field engineer.

Indiana C.P.C.U. Rally

A luncheon honoring the new C.P.C.U. graduates in Indiana will be held at the Clappool Hotel, Indianapolis, Oct. 7. The guest of honor will be Dr. Harry J. Loman of Philadelphia, dean of the C.P.C.U. organization. More than 50 are expected at the luncheon, which will include C.P.C.U. former graduates, present students and friends.

Mutual Benefit H. & A. has made an additional deposit with the receiver-general of Canada for the sole protection of Canadian policyholders, increasing the amount on deposit to \$3,425,000.



Elliot Hannon of Cleveland and Carl Daniel of St. Louis, retiring chairman of the executive committee of National Assn. of Casualty & Surety Agents, at White Sulphur convention.

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Regional Meeting Plans Mapped

The executive committee of Health & Accident Underwriters Conference held a day-long meeting at the Edgewater Beach hotel, Chicago, Monday, taking advantage of the fact that many members were there for the annual meeting of American Life Convention. E. J. Faulkner of Woodmen Accident, chairman of the committee, president, Standard Life & Accident of Oklahoma City was admitted to membership.

It was decided to hold another meeting of the executive committee Sunday, Dec. 4, at Galveston, which will be during the convention of National Assn. of Insurance Commissioners. It was also decided to hold regional meetings this fall and winter on dates to be decided later at Des Moines, Cincinnati, Boston, Dallas and Los Angeles, in addition to the regional meeting at Chicago, Feb. 13 and the group insurance meeting there, Feb. 14-15.

Plan A.&H. Sales Course at Drake U. for January

International Assn. of A. & H. Underwriters will sponsor an A. & H. sales course at Drake University, Des Moines, Jan. 9-20, 1950. The course is being arranged by the Des Moines association.

The session will be the first under a new plan of the International association whereby sales training is to be offered in various sections of the country under the local sponsorship of affiliated local and state associations. Tuition for all instructional materials during the session is \$50. Registrations are being accepted by D. W. Peterson, president of the Des Moines association or at International headquarters at Chicago.

Seattle Opens Season

Seattle Assn. of A. & H. Underwriters opened its season with a luncheon Sept. 30. Charles H. Tull, Provident L. & A., and Clayton Walton, Monarch Life, reported on the national convention at Cleveland.

F. & D. Honors Johnson on Agency's Record

O. Shaw Johnson, new president of National Assn. of Insurance Agents, and president of the J. H. Johnson Co., Clarksdale, Miss., was the guest of honor at a dinner at Baltimore given by Fidelity & Deposit in celebration of the 50th anniversary of his agency's connection with the company. To mark the occasion, Mr. Johnson was presented an antique silver tray.

Founded in 1894 by Mr. Johnson's father, the Johnson company is one of the largest direct-writing agencies in the south and is the oldest continuous business enterprise in Clarksdale. It was appointed to represent F. & D. in September, 1899.



Pictured left to right are Mr. Johnson; Herbert L. Dunn, agency vice-president, and Donald L. Buckler, vice-president of F. & D.

Six to Higher Posts at U.S.F.&G. Home Office

J. Dillard Hall, associate agency director, Fentress C. Ayres, superintendent of the mercantile fidelity department, and Herbert R. Preston, superintendent of the compensation and liability department of U.S.F.&G., have been elected assistant secretaries of the company.

Joseph F. Farber has been elected assistant treasurer; George Gross, cashier, and Roy N. Palmer, assistant cashier. Mr. Farber, who has been cashier, will succeed F. Irving Cooke, assistant treasurer, who is retiring under the company's pension plan.



J. Dillard Hall

Earnest Heads Tex. Insurers

E. T. Earnest, president of Superior Insurance Co., Dallas, has been elected president of the Association of Texas Fire & Casualty Executives. Julian Fruit of San Jacinto Insurance Co.,

Houston, is vice-president, and Ben Taylor, vice-president of Trinity Universal, Dallas, is secretary-treasurer.

New Board Is Named for Casualty Agents Group

Besides the officers and members of the executive committee of National Assn. of Casualty & Surety Agents whose election at White Sulphur Springs was reported last week the following were elected to the board of directors:

Wheaton A. Williams, Minneapolis, retiring president; Geo. M. Blossom, Jr., Fred S. James & Co., Chicago; R. A. Bolton, Alexandria & Bolton, Alexandria, La.; William T. Cline, Conkling, Price & Webb, Chicago; J. Edward Cochran, J. Edw. Cochran & Co., Hagerstown, Md.; Thomas W. Earls, Earls-Blain Co., Cincinnati; Wade Fetzer, W. A. Alexander & Co., Chicago; Lowery D. Finley, Lowery D. Finley & Co., Norfolk, Va.; J. Elliott Hannon, Everts-Tremaine-Flicker Co., Cleveland; John T. Harrison, Harrison & Conroy, New York; Cliff C. Jones, R. B. Jones & Sons, Kansas City; A. D. Langham, Langham, Langston & Burnett, Houston; E. R. Ledbetter, Ledbetter Ins. Co., Oklahoma City; Fred A. Moreton, Fred A. Moreton Co., Salt Lake

City; W. D. O'Gorman, O'Gorman & Young, Newark; John E. O'Neil, Fairfield & Ellis, Boston; Paul Sisk, Paul Sisk & Associates, Tulsa; Frank M. Spratlin, Spratlin, Harrington & Co., Atlanta, and H. F. Warner, Speed Warner, Inc., Kansas City.

Silvey Heads MFA Mutual

J. M. Silvey has been promoted from executive vice-president to president in a general reorganization of MFA Mutual, Columbia, Mo. He succeeds F. V. Heinkel, president of Missouri Farmers Assn., who also has served as president of the insurer since it was organized four years ago, and now becomes chairman.

Roy D. Hatcher, who has been vice-president, becomes vice-chairman. A. D. Sappington, general counsel for four years, was named vice-president and general counsel. Paul Keithley, office manager, was promoted to secretary and office manager.

A. & H. Men Hear Diehl

The A. & H. Underwriters of Milwaukee at a meeting this week heard Past President Gilbert A. Diehl, manager Business Men's Assurance, speak. He discussed "Time Control."

Crime does pay!

Start profiting NOW with Continental's

NEW 3-C POLICY

NOW . . . in one compact policy . . . for one premium . . . you can sell all the burglary, robbery, fraud, forgery and dishonesty protection any business man needs or wants.

NOW you can go into the most neglected, most wide-open market in the insurance field and offer the broadest, most economical, most flexible crime loss coverage ever written!

NOW you can have the powerful backing of Continental's intensive advertising and merchandising campaign aimed at large and small business owners from coast to coast!

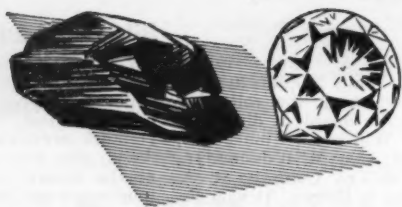
NOW, at no expense, you can give every prospect a FREE copy of the valuable, fact-filled booklet, "Crime Loss Prevention", nationally advertised and locally distributed by agents in the interest of increasing their income and building their business.

CONTINENTAL CASUALTY COMPANY

310 South Michigan Avenue

Chicago 4

CASUALTY · FIDELITY · SURETY



THERE'S QUITE A DIFFERENCE!

Both are pure carbon... nothing more. Both weigh the same. But one is a piece of coal... the other, a diamond! The reason for the difference... Nature worked harder in producing the diamond.

A greater amount of effort made the diamond more appealing... and more valuable... and so it is with insurance.

Workmen's Compensation Insurance offered by Manufacturers Casualty Company has greater appeal because of the steady effort to back up insurance policies with "Superior Service." It is this service that frees the employer from the responsibility and detail of claim settlements and that improves employee relations. It is this service that employees appreciate as their claims are promptly paid. AND IT IS THIS SERVICE THAT SELLS MORE INSURANCE!

MANUFACTURERS

Casualty Insurance Co.

1617 Pennsylvania Boulevard

PHILADELPHIA, PA.

W. STANLEY KITE, President

WRITE
Manufacturers
IT PAYS!

Hospital Critique of Three Covers

(CONTINUED FROM PAGE 28)

economical program. It is also in the public interest that any excessive costs which may be reflected in rates to patients be curtailed.

The committee appears to consider malpractice and public liability hazards as pretty much the same thing, which they are not, and to assume that if the hospitals have had experience in pre-paid hospitalization coverage, they are perhaps qualified to tackle other types of insurance. Actually, where the hazards differ, the problem must be tackled separately.

In general, the tone of the study by the committee is constructive. Among recommendations is one to secure cooperation of insurers in compiling experience with the association and to develop a safety program that will insure the interest of all hospital administrators in carrying out standardization of procedures and regulations, to develop with insurers improved uniform standards of inspection and report, and in general to have every member of the association interested in the insurance problem with state and regional association insurance committees.

One difficulty with which anyone can sympathize who has tried to get an overall picture of an industry or business is that of securing information from the insurance business itself as to the experience of hospitals.

Need Central Information Source

There is no doubt that the insurance business needs a source that can furnish information to a trade association on such facts and information in regard to the insurance problems of that business as it may desire to get. Such a source could be of great public service not only in providing what facts and figures are available but explaining why they are not available, if so, and the insurance principles involved, which it is an error to assume that the public understands even a public as well informed as an insurance committee of a hospital association. The Western Underwriters Assn. not long ago met with the alfalfa dehydrating industry to explain what the companies were doing and why with respect to that industry. There had grown up a certain amount of resentment in the insured industry, which largely arose from lack of understanding, and this was resolved when the

W.U.A. sat down with representatives of the business. There is no source of such information at present in the insurance business; it is done on a piecemeal basis, if at all, as the problem arises.

The hospital committee will continue its studies of insurance, including workmen's compensation, automobile, burglary and fidelity and issue special reports from time to time. The association got out a lengthy "Manual on Insurance for Hospitals" in 1940.

Scans Procedural Points in New Acts

(CONTINUED FROM PAGE 8)

cause shown, the commissioner shall permit any person to intervene, appear and be heard at the hearing. This certainly would permit a competitor, or any person no matter how selfish his interests might be, to take part in the hearing, if he could convince the commissioner of "good cause." This raises the question of what constitutes "good cause" and just what part of such an intervening person can take in such a procedure.

Within Commissioner's Discretion

It seems plain, Mr. Shield said, that what is "good cause shown" is almost entirely within the discretion of the commissioner.

The language used in the law contemplates some greater role for an intervening person than that of a witness, he said. The language was taken verbatim from the federal trade commission act, and this provision was included there in order to help create, to a large degree, self-policing within an industry.

In connection with the undefined practices, he said that the language is such that proceedings are intended to be used only for methods of competition or acts or practices which are actually being used when the proceeding is commenced.

He remarked that each of these proceedings affects only the person or company charged with a violation of the law, and there is no provision whereby a particular method of competition or act or practice can be found to be unfair or deceptive for everyone.

The unauthorized insurers process act is now in effect in 13 states, he remarked. He discussed several fine points involved here.

Iowa W. C. Rates Are Decreased by 6%

Commissioner Sterling Alexander of Iowa has announced a 6% reduction in workmen's compensation rates. The decrease was agreed to by National Council on Compensation Insurance despite its original request for an increase of 4.2% and an increase in benefits amounting to approximately 16%.

The legislature increased maximum weekly benefits from \$20 to \$24 and minimum benefits from \$8 to \$12. Burial expenses were raised to \$300 and medical and surgical to \$500.

Mr. Alexander denied the original request for an increase following a hearing several months ago at which Iowa Manufacturers Assn. protested. At that time the commissioner asked for a reduction in rates.

Flock to Hitke Reception

Many Chicagoans were on hand for the open house heralding the opening of new and larger quarters for Kurt Hitke & Co. in the Insurance Exchange building. There were numerous floral tributes and music and refreshments were furnished. Among the gifts which Mr. Hitke received on the occasion, was a beautiful office bar cabinet from the Citizens Casualty, for which Hitke & Co. is general agent.

Facts You Should Know About CREDIT INSURANCE

In One Handy File Folder

Timely, valuable for discussions with your clients, this book gives you basic information about American Credit Insurance. Tells how business profits are protected against Credit Losses... types of coverage available, etc. Written especially for insurance agents... fits into your files for quick reference. Phone our General Agent in your city for a copy, or write American Credit Indemnity Company of New York, First National Bank Building, Baltimore 2, Maryland.

America's only CREDIT INSURANCE SPECIALISTS

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GUARANTEES PAYMENT OF ACCOUNTS RECEIVABLE

Offices in Principal Cities of the United States and Canada.

Your Clients' Insurance Programs... designed to protect and conserve assets... are not complete unless they include CREDIT INSURANCE

Credit Insurance

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CHANGES IN CASUALTY FIELD

Conlyn Retires, Jones to D. C. Post for Travelers

T. Bryce Conlyn, casualty manager at Washington, D. C., for Travelers since 1921, has retired from active service. He will be succeeded by Melvin R. Jones, who has been assistant casualty manager at New Orleans.

Mr. Conlyn joined Travelers in 1914 as a special agent at Detroit. He served in a similar capacity at Reading, and in 1920 was promoted to assistant manager at Washington. He was named manager in 1921.

Mr. Jones has been with Travelers since 1923. He served as field assistant at Richmond and as assistant manager at Atlanta before going to New Orleans as assistant manager in 1936.

Butterworth to Buffalo

Frank Butterworth is being transferred to Buffalo as manager of the casualty department there by Maryland Casualty. He has been assistant manager of the casualty department at Chicago for the past three years. He served as a naval officer during the war and, before that had seen service with Lumbermen's Mutual Casualty, Preferred Accident and with a local agency at Omaha.

James Molitor has been named supervisor of all casualty underwriting at Chicago under Charles Gibbons, the casualty manager. He has been supervising the burglary and boiler departments, and has been with Maryland 12 years. In his earlier days he was with the Engelhard-Krogman agency and Standard Accident.

American Surety Ups Two

Mark S. Allison, assistant manager at Columbus for American Surety, has been appointed assistant manager at Indianapolis. Cyril A. Reeks, special agent at Toledo, has been appointed assistant manager at Columbus.

Mr. Allison attended Toledo University and Ohio State University. He joined the company in 1941.

Mr. Reeks was graduated from Annapolis Royal Academy in Nova Scotia. He joined the company at its home office in 1941. He was named special agent at Cleveland in 1945 and two years later became special agent at Toledo.

Opens Cleveland Office

Standard Accident has opened an office at Cleveland to serve northeastern Ohio. It will come under the jurisdiction of the Detroit office, which supervises northern Ohio as well as Michigan.

The office will be at 1127 Union Commerce building, with S. S. Bayar, field representative, in charge. Mr. Bayar started with Standard Accident in 1929 at Detroit. He served as senior casualty underwriter until 1944 when he was made field representative.

C. J. Miles to Newark

The eastern department of Fireman's Fund Indemnity has appointed Charles J. Miles special representative at Newark.

Mr. Miles joined the company in 1941 as an automobile underwriter. In 1946 he was appointed assistant supervisor. He is an army veteran.

Osborn Asst. Superintendent

Lloyd J. Osborn has been appointed assistant superintendent of the Employers' group home office surety department. He has been with Employers more than 20 years and has been active in the surety business more than 10 years.

McAllister Succeeds Schlie

G. Edward McAllister, field representative, has been named to succeed William L. Schlie at Chicago branch for Standard Accident. Mr. Schlie was placed in charge at Lincoln, Ill.

Mr. McAllister has been with the company since 1941 and recently graduated from the training school. He has been field representative at Chicago since early in the year. He will specialize on A. & H.

COMPANIES

Ask Liquidation of Union Casualty of Omaha

LINCOLN—The Nebraska insurance department has filed a petition in district court asking for the liquidation of Union Casualty of Omaha, on the grounds the company is insolvent.

An examination of the company's books indicates that assets as of May 31 are not enough to meet obligations, Robert H. Rydman, attorney for the department, stated.

After a hearing at Lincoln on Aug. 10, the firm's directors were given 30 days to find new capital or new management. When they failed in this the state took action.

Northwestern Changes Name

Following a meeting of the board of directors and stockholders, Northwestern of Seattle has adopted a new name, Rainier National.

Reason for the change is that Northwestern appears in numerous company titles, particularly in the state of Washington, and since the company plans to offer multiple line facilities in casualty and fire it wishes to secure its identity.

Austin F. Case is president; John Porter, executive vice-president; Ralph C. Lewis, vice-president, and Marjorie Tillson, assistant secretary.

Cimarron in Oklahoma

Cimarron Casualty, Cimarron, Kan., has been licensed to write full automobile coverage and general disability insurance in Oklahoma. Robert F. Barnes of Enid is special agent.

Casualty Mutual assets as of July 31, 1949 were \$670,930 representing an 11% increase over all 12 months of 1948. Surplus was \$184,784 or 30% more than 1948 and total premiums written to July 31 were \$477,616 or more than 5% greater than the corresponding period of 1948.

American Farmers Mutual of St. Paul changed its name to **Mutual Service Casualty**.

Big Bond to Royal Ind.

Donovan, James, Wismer & Becker of St. Paul, Minnesota, have been awarded the contract at \$1,508,803 for installation of equipment and erection of steel structures on the Davis dam project near Kingman, Ariz. It is understood that Royal Indemnity, through its St. Paul office, will execute the bonds.

Outing for N. J. Club

The Casualty Underwriters Assn. of New Jersey will hold its annual golf tournament and dinner at Canoe Brook Country Club, Summit, N. J. Oct. 11.

O. L. & T. Rates Reduced

An overall reduction in certain O. L. & T. rates of 9% has been approved

for Mutual Casualty Insurance Rating Bureau companies in North Carolina.

A reduction of 7.9% in such rates was approved for National Bureau of Casualty Underwriters July 11.

N. C. Still Seeks Actuary

RALEIGH, N. C.—The post of casualty actuary with the North Carolina commission, set up by the 1949 legislature, has not as yet been filled.

Thus far there have been no appli-

cants for the \$7,200 a year job. Commissioner Cheek attributed this to the scarcity of actuaries, especially casualty actuaries. He said that "by the time a man has received the experience and passed the test, he is making \$15,000 or \$20,000 a year. Our job wouldn't appeal to him."

The first fall meeting of **Ohio Assn. of Casualty & Surety Managers** will be held Oct. 10 at Columbus.

It's Hitting Hard

It's not only hitting hard... it's hitting home... right on our agents' doorsteps. Ask our field representative about our fast-rolling Bond Wagon Program.

The EMPLOYERS' GROUP
Insurance Companies
110 MILK STREET, BOSTON 7, MASS.
The Employers' Fire Insurance Co.
The Employers' Liability Assurance Corp., Ltd.
American Employers' Insurance Co.

THE YORKSHIRE
INSURANCE COMPANY, LTD.
1824 • 125TH ANNIVERSARY • 1949
U. S. BRANCH: 90 JOHN STREET, NEW YORK, N. Y.

No Aspersions Cast on Illinois Department; Hawley

Dr. Paul R. Hawley, chief executive officer of the Blue Cross-Blue Shield Commissions, in a letter to Insurance Director Hershey of Illinois, makes some corrections on the report of remarks which he made at the 10th district Blue Cross and Blue Shield meeting at Milwaukee.

"I said nothing about the status of the application by Blue Cross for a charter for Health Service, Inc., other than that we hoped and expected favorable action with ten days," Dr. Hawley says.

"All other remarks in this connection applied to the proposal of Blue Shield—not Blue Cross—to organize a similar and companion company to provide excess benefits in the field of medical care as distinguished from hospital care. I reported objectively and factually upon the discussions that had taken place in the Blue Shield commission upon this proposal—that in the general discussion it was mentioned that Blue Shield might

expect opposition from commercial insurance carriers with pressures brought upon departments of insurance to disapprove this venture. In no way did I associate this statement of a Blue Shield commissioner with either Blue Cross experience or the department of insurance of the state of Illinois.

"I reported several other points of view that were expressed—among them that proponents of an Ohio charter offered that this insurance department is a career department with many officials experienced in the supervision of stock companies operating in the nonprofit field.

"But the news item omitted the most important of all my remarks in this connection—that, despite all argument pro and con, the Blue Shield commission decided to apply in Ohio for the sole reason that Ohio Medical Indemnity, a Blue Shield plan, was incorporated in Ohio, had operated several years under this charter, and had established a precedent which would facilitate the organization of a similar company.

"I was present at this meeting of the Blue Shield commission but took no part whatsoever in the discussion of this question. I have had no active part in the negotiations for the charter of Health Service, Inc., in Illinois other than to attend the one dinner meeting in Springfield. I know nothing whatsoever of the insurance department of the state of Ohio, and consequently would not think of offering any opinion as to its merits.

"I regret very much this unfortunate and inaccurate news item, and I assure you that it seriously misrepresents both my remarks at the time and my high esteem of the department of insurance of Illinois and of you as its director."

Hale & Hale Agency Is at the 50-Year Mark

The Hale & Hale Co. agency of Cleveland marked its 50th anniversary, the celebration taking the form of an office party. It was formed as John A. Seaton & Co. J. G. Hale, the elder partner, joined the agency in 1905, and in that year Mr. Seaton died and the firm became Hale & Seaton. In 1924 when Clayton G. Hale became a partner, the title was changed to Hale & Hale. Clayton Hale has been the managing partner since 1939 when his father became 65. However, the elder Mr. Hale is on the job every day.

This is the 25th anniversary of the partnership of Clayton Hale in the agency and it is the 15th anniversary of the employment of Miss L. B. Griffith, the treasurer.

Interstate Rating for "Comp" Wins N. Y. Approval

Effective Date Dec. 31— Gives Big Impetus to National Flexibility

The New York Compensation Rating Board has adopted and Superintendent Dineen has approved interstate experience rating on workmen's compensation, effective Dec. 31. The plan will be a supplement to the New York experience rating plan, and applies to all risks which qualify under its provisions as of the first interstate rating date falling on or after Dec. 31. If the normal rating anniversary in New York is on a different date, the plan will become effective as of the interstate rating date following the first New York anniversary which occurs on or after Dec. 31.

The general rules of experience rating in force in each state in which interstate experience rating has been approved will apply with certain exceptions. All insured operations of one employer, or of a group of employers whose experience may be combined for rating purposes, in all states having interstate rating, regardless of whether operations are insured in one or more carriers, will be considered in the risk.

A risk qualifies for interstate rating if it does so for rating intrastate in any one state under that state's experience rating plan, regardless of whether operations of the risk will be conducted in that state in the period to which the interstate rating modification is to apply.

The carrier must file "notification of coverage" with National Council on Compensation Insurance not more than eight months after the effective date of the earliest policy reported on the risk. The New York Compensation Board will cooperate with National Council in calculating interstate experience modification.


The notification of coverage forms will serve to determine which rating organization shall develop interstate experience modifications. This rating bureau will be known as the sponsoring organization; the others are participating organizations. In arriving at the experience modification, the sponsoring organization uses all experience data, promulgates the rate notice for its own state, furnishes rating data reflecting the modification to each carrier on the risk and sends a copy of the experience rating summary sheet to each participating organization. The sponsoring organization determines the rating date.

The application of a single over-all experience modification is mandatory in all states that apply interstate rating except a separate modifier may be promulgated for one state at the request of an insurer writing W.C. in that state only, subject to certain conditions.

Aetna Fire Course Starts

The fall session of the multiple line training course for agents representing the Aetna Fire group opened Monday at the home office, in charge of Educational Director L. Ray Ringer. Among those attending the seven weeks' course are nine agents whose fathers are owners or partners of the agencies with which the men are associated.

Lovell & Doster agency, Benton Harbor, Mich., has purchased the business of Pratt-Carlton-Gray Corp. It will be operated under the Pratt-Carlton-Gray name at the present location by S. E. Doster, partner of P. H. Lovell in the purchasing firm. It has been operating for more than 50 years and will continue to specialize in farm coverage.



**OUR AGENTS PROFIT
by Specialized
Service**


Specialized Service aids your client to eliminate costly accident hazards and litigation time and costs, while increasing his business efficiency. This means satisfied clients and more profitable business for you, the Agent!

Our Specialized Services function with our **EFFECTIVE** Workmen's Compensation Insurance and Public Liability.

APPLY THEM NOW!

**COAL OPERATORS
CASUALTY COMPANY**

GREENSBURG, PENNA.



Trinity Universal Insurance Company

Dallas Texas

**GENERAL LIABILITY • BURGLARY • PLATE GLASS
WORKMEN'S COMPENSATION • AUTOMOBILE
FIDELITY and SURETY BONDS • FIRE
INLAND MARINE**

October 6,
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TDB Law Fills Void of Workmen's Compensation

Since the enactment of the New York disability benefits law it has been noted by the New York department that some confusion exists relative to when the benefits provided by that law take effect and the obligations placed upon employers for taking out insurance to cover payment of the benefits.

The law provides for the payment of weekly benefits to workers during periods of temporary inability to work caused by non-occupational sickness or accident not within the scope of workmen's compensation, according to the department. The law provides for joint contribution by the employer and employee for the cost of the benefits. One of the ways in which an employer can comply with the law is by taking out a policy with a company licensed to write A. & H. business in New York.

Timing Is Clarified

Superintendent Dineen stated that some employers are under the impression that they must take action immediately. He stressed the fact that no employer is required to take out a policy providing for disability payments prior to July 1, 1950, although he may, of course, do so if he desires. However, if a policy is taken out by an employer under which disability benefit payments are to be made prior to July 1, 1950, the employer in the absence of agreements with employees or collective bargaining agreements may not require contributions from his employees prior to July 1, 1950.

Inquiries have also been received by the department as to the premiums for



Group of spectators of sporting events at casualty convention at White Sulphur—Philip C. Abney, vice-president of Metropolitan Casualty and Commercial Casualty; Ernest Young, local agent of Charlotte, N. C.; Walter Lambeth, Charlotte local agent, and George C. Miller, second vice-president of Metropolitan and Commercial.

disability benefits policies. No company can issue such a policy until the policy form has been approved by the department and the company has filed with the department the rate of premium to be charged. The insurance law provides further that the superintendent may disapprove a policy form if the benefits to be paid are unreasonable in relation to the premium charged. Mr. Dineen stated that no determinations have as yet been made as to policy forms or the premiums to be charged. During the present formative stages and until policy forms are actually approved by the department, it is not possible for any company to state what policy form will meet the requirements of the disability benefits law nor to quote with any exactness what its premium rates will be.

Insurer Is Liable Under Ga. State Endorsement

Virginia Surety has been held liable under the terms of a Georgia state endorsement to its policy on file with Georgia public service commission, even though the occurrence was not covered under the policy contract, but Virginia Surety was entitled to reimbursement from its assured, according to federal court for the northern district of Georgia in York vs. Roberts, et al. The assured was Georgia-Carolina Freight Lines of which C. C. Roberts is a partner. The Georgia state endorsement provides absolute coverage to the public regardless of the terms of the policy contract.

Gus York recovered judgment for

\$8,500 on account of injuries suffered in a collision with a tractor-trailer combination operated by Georgia-Carolina Freight Lines. No endorsement covering the tractor or any trailer was ever issued by Virginia Surety and the policy was not effective as to the occurrence in question. It was held that Virginia Surety must respond to the extent of \$5,000 which was its policy limit, to the judgment in favor of Gus York and that Roberts is obligated to reimburse Virginia Surety for that amount.

Advanced Course in N. Y. on Casualty Rating

The school of insurance of the Insurance Society of New York will inaugurate an advanced class in casualty rating, including plan D, Oct. 11.

Instructors include, from National Bureau of Casualty Underwriters, James M. Cahill, secretary; Thomas O. Carlson, actuary; S. M. Ross, assistant actuary; L. A. Sawyer, manager burglary and glass, and Milton Acker, manager general liability.

William Leslie, Jr., manager special risks department of Royal Indemnity; William J. Gentile, assistant secretary New York Compensation Insurance Rating Board; Allen H. McCarthy, assistant secretary National Automobile Underwriters Assn., and Clyde H. Graves, statistician Mutual Casualty Rating Board also will teach. Classes will be held through Jan. 31.

Subjects will include application of New York merit rating plans for casualty insurance, especially experience rating plans for workmen's compensation, auto liability, general liability, burglary and glass; retrospective rating plans, including plan D, for workmen's compensation, auto liability, general liability, and boiler and machinery; and fleet rating plan for auto physical damage coverages.



West Central Office: Lincoln, Neb.



Western Office: Berkeley, California



North Central Office: St. Paul, Minn.



Home Office: Bloomington, Illinois

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State Farm Mutual Automobile Insurance Company

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ACCIDENT AND HEALTH

Great Northern Takes Action Oct. 18

Stockholders of Great Northern Life are meeting at Chicago Oct. 18 to act upon the proposal to sell the company to Washington National. The plan is to perfect the sale and merger prior to the end of the year, so that Washington National will be required to prepare only one annual statement. Stockholders of Great Northern are being offered \$62 a share for their 50,000 shares or a total of \$3,100,000. The stock has been traded to a small extent in the over-the-counter market at a price far below its liquidating value.

The bid price has been in the neighborhood of \$14 a share.

As of Dec. 31, 1948, the surplus to policyholders of Great Northern was \$1,912,346 consisting of capital of \$500,000, general contingency reserve \$100,000, net surplus \$1,312,346. The life insurance in force of Great Northern was about \$67 million and its A. & H. premium income was about \$2½ million.

The home office employees of Great Northern number about 100. That entire group was guest of the Washington National management at a luncheon at Evanston, Ill., last Thursday. They were assured that there would be room in the organization for all of them and they were welcomed into the fold.

It is likely that the downtown loca-

tion of Great Northern will be maintained intact for some time, until there are adequate physical accommodations at Evanston to take care of that organization.

Great Northern Life was started at Wausau, Wis., in 1909 and it is still a Wisconsin corporation. It was moved to Chicago in 1922 after the merger of Central Business Men's Assn. It was then that H. G. Royer, now president, and C. O. Pauley, the secretary, who is also managing director of Health & Accident Underwriters Conference, came into the picture. They were operating Central Business Men's.

The oldest employee in point of years of service is E. P. Oertel, assistant vice-president. He went with Great Northern at Wausau soon after it was organized. Vice-president John A. Sullivan also harks back to the Wausau days. He went with the company in 1912.

Continental Promotes Three in Commercial Division

Continental Casualty has named William C. Woodyard superintendent of agencies of the commercial A. & H. division. Lincoln Maguire has been named home office agency secretary for the commercial division and Thomas W. Moloney is now superintendent of eastern production for the division.

Mr. Woodyard attended the University of Kentucky and joined Continental as its disability division field supervisor working out of Pittsburgh in 1941. He was made disability division manager of that branch in 1943. After army service, he returned to Pittsburgh in 1945 and the next year achieved the best branch office disability division new business record up to that time, with 1,493 applications in one month. Mr. Woodyard became executive branch office field supervisor at the home office in 1948.

Mr. Maguire is a graduate of Fordham, a former cost accountant and life and A. & H. producer. He served in the air force and then joined Continental in 1945 as a commercial supervisor in the eastern department and last March was appointed superintendent of production of the eastern commercial department.

Mr. Moloney is a graduate of the University of Virginia and joined the company in 1946 after service in the air force. He became a special agent in New Jersey, Maryland and Washington, D. C.

R. J. Marsh V.-P. and Group Head of Bankers L. & C.

Robert J. Marsh has been appointed vice-president in charge of the group division of Bankers Life & Casualty of Chicago.

Mr. Marsh has had wide experience in group insurance and affiliated activities. His early training was as a cost accountant with the Ames Baldwin Wyoming Co. Also, early in his career, Mr. Marsh became administrator for the Staats Hospital and Clinic at Charleston, W. Va. Later, he was executive director of Huntington Hospital Service Co.; Medical Service, Inc., and Farmers Health Service, Inc.

As one of the organizers of John Marshall Ins. Co., Mr. Marsh was instrumental in merging that company into Bankers Life & Casualty Co. last year. He is a graduate of Ohio University school of business administration.

McKee Los Angeles Speaker

LOS ANGELES—Walter L. McKee, Connecticut General Life, spoke at the first fall meeting of Los Angeles A. & H. Underwriters Assn. on "Preferred Leads—How to Get Them—How to Use Them."

Mr. McKee said the disability salesman's greatest need is not so much instruction as reminding him of what he knows. To get prospects he said the salesman must go to them, must carry

the idea to them. Putting a scare into the approach may help.

Above all, he urged selling the prospect simply. Disability insurance is the only thing that can be bought on the installment plan that continues to work after death. The longer a prospect goes without disability insurance the more he needs it, and the less chance he has of getting it.

Fla. Congress Oct. 28-29

Florida Assn. of A. & H. Underwriters will hold its fall sales congress at Orlando Oct. 28-29. All A. & H. men and women are invited.

A sales forum and claim forum will be held Saturday. One of the principal sales congress speakers will be C. Ervin Waller, president of Professional, on "The Sizzle that Sells." Entertainment features include a cocktail party and a water show given by the Rollins college girls aquatic team on Friday evening.

Stephens Okla. Speaker

Waldo Stephens spoke at the September meeting of Oklahoma A. & H. Assn. He discussed trends affecting A. & H. insurance, contending that the business is here but it will require work on the part of each individual agent to get it.

President Floyd E. Maytubby, Occidental Life, announced that a major objective is to increase membership to 150.

Scudder in New Post

Franklin D. Scudder has been named general manager of Commonwealth Mutual of Baltimore to assume general



FRANKLIN D. SCUDDER

charge of operations. He joins the company after experience with the Security Mutual Life as assistant to the superintendent of agents.

Mr. Scudder attended the Life Insurance Agency Management Assn. school and Purdue University A. & H. school. He began in the A. & H. business in 1933 with Continental Casualty and joined Security Mutual Life in 1941 shortly after the company began A. & H. operations.

Orsini N. Y. Club Speaker

Louis A. Orsini of Bureau of A. & H. Underwriters will speak at the meeting of A. & H. Club of New York Oct. 18, on "Present Status of Problems Surrounding the New York Disability Benefit Law."

Mr. Orsini served on the drafting committee established by the insurance business at the request of the New York department and New York workmen's compensation board. He also made detailed studies of the laws in California and New Jersey, and the problems of writing insurance under those laws.

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ANCHOR CASUALTY COMPANY

SAINT PAUL & MINNEAPOLIS

Now, how of what mi casualty g there are their emph the exclusi Actually, casualty plur this than casual St. Louis, executive of the disc suggest w organization very little that the le tion. At Whi was not the social stan years past ing and the group other. C worn and to divide Place in I

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Ponder Future of Casualty Meeting

(CONTINUED FROM PAGE 25)

Now, however, there are but a handful of what might be known as simon-pure casualty general agencies and indeed there are very few agencies that put their emphasis on the casualty lines to the exclusion of other types of business. Actually, much of the discussion at the casualty agents' meeting at White Sulphur this year concerned matters other than casualty business. Carl Daniel of St. Louis, the retiring chairman of the executive committee, during the course of the discussion, asked the members to suggest what the future course of the organization should be, but there was very little comment, perhaps indicating that the leaders are groping for a solution.

At White Sulphur this year, there was not the same homogeneity from a social standpoint that there has been in years past. Many old faces were missing and there were many members of the group that were unknown to each other. Convention badges were not worn and there seemed to be a tendency to divide up into groups.

Place in Field

The casualty agents association sooner or later will have to analyze its position in the insurance world and determine what course it wants to pursue. Membership is something over 500 and the tie that binds is less and less the common interest in the casualty business. It constitutes for the most part very large agencies and it does comprise a rallying point for the largest producers of the land and an organization through which they can speak on issues particularly affecting the large producer and in which the smaller operator would not be interested, or even when there may be a divergence of interest.

However, there is no evidence of a desire to sever the ties with small

agents, or to become a militant, segregated group. The idea of working in closer effectiveness with National Assn. of Insurance Producers is to be investigated by a committee consisting of T. W. Earls of Cincinnati and W. D. O'Gorman of Newark. They are to ascertain whether the brokers are interested in setting up a liaison group so that the two organizations might work hand in hand in matters of mutual interest.

Some Companies Not Represented

On the companies' side at White Sulphur, there were a number of companies that were not represented at all and others that, in the past, were accustomed to having four or five on hand, were represented this year by only one, and he was not always the chief executive.

There was no one that did not enjoy himself to the utmost and the wives were smitten with the convention and the Greenbrier, but there was obviously an underlying feeling that the time had probably come to re-examine the purposes of the meeting to see whether there was not some more vital present-day reason for getting together than merely to continue an old tradition whose original vital basis had now largely disappeared.

Golf Winners Named

In addition to T. W. Earls, who again claimed the Miller trophy in the golf tournament, the other prize winners included George Guckenberger, III, Cincinnati; Ray Murphy, Assn. of Casualty & Surety Companies; F. A. Roloson, Baltimore; Ralph W. Howe, Richmond; H. P. Stellwagen, Indemnity of North America; A. E. Allsopp, Newark; Robert Z. Alexander, American-Associated; H. F. Whitzel, New York; W. G. Curtis,

Jr., National Casualty; A. J. Peirson, Massachusetts Bonding; E. R. Ledbetter, Oklahoma City, and guest winner, William Rurode, Ridgewood, N. J.

Mrs. C. P. Daniel, St. Louis; Mrs. Fred Meyers, Chicago, and Mrs. Howard Slayback, New York, took top honors in the ladies' golf tournament. Carl Pearson of the New York "Journal of Commerce," and T. A. Long, vice-president United National Indemnity, and R. L. Price, Charlotte, N. C., and H. P. Lipps, Lewiston, Ida., "copped" the first two prizes in horseshoes.

N. Y. Comments on W.C. Reduction

In approving an over-all reduction of 4.7% in manual rates for workmen's compensation insurance, the New York department took occasion to raise some objections to the rate level adjustment factor. It said that while it approves the purpose of the factor, which is to adjust the data used for the most recent available experience, it did not approve the particular method employed. It indicated that it would disapprove a filing where the current method produces an appreciable change in rates, presumably not in favor of the policyholder as the present change is, although that reduction was only one-tenth of 1%.

Thinks Method Has Flaws

The department believes the method of arriving at the adjustment factor has inherent flaws, such as duplicating the effect of current and past rate level changes.

The department also objected to present loss and expense constants because the loss constant is too high and the expense constant much too low. Approval of continuation of the present loss and expense constants' totals was with the understanding that the insurers would make a complete study of the matter prior to the next rate revision.



Vincent Cullen, retiring president of National Surety, and John G. Yost, retired president of American Bonding, as they appeared at White Sulphur casualty convention.

The New York department allows 1.5% for profit and contingencies, rather than the 2.5% which is permitted in many states, and turned down the proposal this year that the amount be increased to 2.5. In doing so, the department said it would give consideration to revision of the profit factor when the proposal is supported by an evaluation of the interest income attributable to underwriting operations and other elements entering into the total return to the companies.

The department expressed doubt as to the accuracy of the method of arriving at the "collectible" rate level and asked for a study of the method of evaluating New York law amendments as well as of the loss development factor, which measure the change in losses and loss reserves from first to third report. It asked for an improved method of evaluating law amendments.

Richard G. Osgood, vice-president of North America group, was at St. Louis for a meeting with local office personnel. Mr. Osgood spent some time in the famed Missouri Ozarks with John J. O'Toole, secretary, F. D. Hirschberg & Co., at Mr. O'Toole's cabin in the Cedar Hills sector.

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ALLSTATE INSURANCE COMPANY

CHICAGO

Minn. Agents Elect Hewitt President

(CONTINUED FROM PAGE 6)

Deputy Commissioner Joseph Haveson at the banquet. Also at the banquet, Mr. Bradley was presented a gold wrist-watch in recognition of his long service to the association. The presentation was by George Fevig of Moorhead, another past president.

A grant of \$50 to the state department of education for continuing 25 scholarships for teachers of traffic safety courses in Minnesota high schools was recommended by John J. McGlone, chairman of the accident prevention committee. Other committee chairmen reporting were Loren D. Capretz, education, who stated the highlight of the year was a successful seminar conducted at the University of Minnesota attended by 60 agents and field men; Edwin Converse, fire prevention; Frank S. Preston, legislation,

and G. E. Rolien, farm and small town agents. Mr. Rolien recommended that the stock companies promote themselves more in rural areas and also that something be done to eliminate the wide gap between strictly farm property and other unprotected residence property in the state, particularly lake cottages, summer homes, and homes equipped for year-around use in unprotected areas.

Hold "Experts" Panel

The program was concluded with a "Stump the Experts" panel, at which R. V. Hood of Duluth was moderator. Taking part were Glen Schodde, special agent of Home; Joseph R. Brink of Thomas G. Linnell general agency of Minneapolis; E. I. Peters, Minneapolis manager of Western Adjustment;

H. H. Homeyer, casualty superintendent of American Surety at Minneapolis, and Boyce F. Betzer, manager for Travelers at Duluth.

Paul Olinger, Agricultural, president of Minnesota Fire Underwriters Assn., related the public relations program of his organization.

Speaker at the final session was Fred C. Crowell, Jr., editor of the "Insurance Field." He maintained that the average agent spends too much time in placement of his insurance and too little time in sales and service. Many local agents worry themselves too much about their day-to-day relations with the companies and this fretting about detail of routine matters is one of the most important deterrents to agency progress, he said. Mr. Crowell maintained there is a need for collective action to force companies to eliminate much of the burdensome detail which today hampers every agent in America in his effort to run an efficient agency.

Market research has been badly neglected by the companies, he declared, adding that this should be a fit subject for attention and a program along this line would be helpful to all agents.

Veteran Western Manager of Crum & Forster Dies

(CONTINUED ON PAGE 18)

mysteries at Crum & Forster. Mr. Gund's voice could be heard throughout the shop and front office matters circulated as a matter of course throughout the entire place. It is a completely democratic office.

Old-timers in company ranks and in the field have fond recollections of the Crum & Forster picnics that were staged at Freeport under the guidance of Mr. Gund for several years during the 1920's. These would go on for three or four days at a time and they were occasions of the greatest hilarity and goodwill-fellowship in the German style. These were great days for Mr. Gund and his guests and they are high among the legends of fire insurance history in the west. Mr. Gund was a director of North River of the Crum & Forster group, of Oakland Cemetery Assn. and of the Gund-Graham Co., which is a large highway construction company of Freeport, headed by his brother, Joseph A. Gund.

Mr. Gund served several terms on the governing committee of Western Underwriters Assn. and had been a member of Subscribers Actuarial Committee.

Harold Junker, executive vice-president of Crum & Forster, attended the funeral for the head office.

New Adjuster Licensing Regulations in N. Y.

NEW YORK — Superintendent Dineen has promulgated a new regulation, No. 31, covering independent adjuster licensing. It supersedes regulation 25. Under the new regulation there are eight types of licenses for independent adjusters instead of the four issued previously, for fire, inland marine, aviation, automobile, casualty, fidelity and surety, accident and health, and general, which is inclusive of all the others.

The regulation prohibits division of fees or payment for procuring adjust-

ments unless the firm or person paid is a licensed independent adjuster. Those now licensed as independent adjusters are not required to take examinations unless they desire to adjust losses on lines for which they do not hold licenses. The first examinations for the new licenses will be held in December.

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Casualty Underwriter desired by Chicago Agency. Excellent opportunity for right man. Replies held in confidence. Our office knows of this ad. Address W-4, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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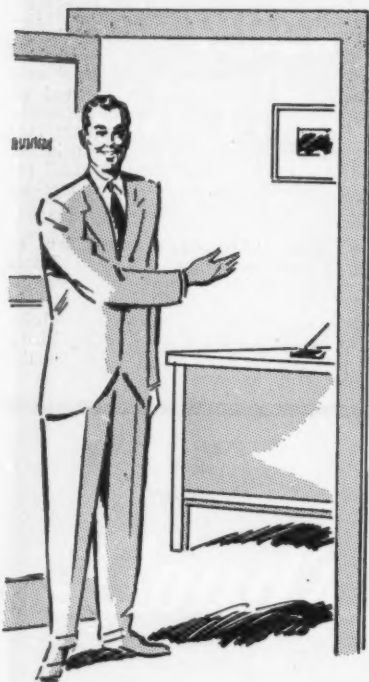
We have opening for young man interested in training for automobile underwriter. Must have some knowledge of automobile casualty and fire insurance and at least 2 years college. Give full details. Address W-12, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

Old Detroit Agency desires general casualty company for sole representation State of Michigan. Address W-10, The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Illinois.

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R. E. McGinnis, president of Central Surety, and Joe F. Kirby, vice-president of Western Surety of Sioux Falls, at White Sulphur casualty meeting.

Rem

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Group ridian Aetna Ca quarters— Rosenba Rosenbau Lee R. M

Reminiscences of an Individualist

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than usual tone undoubtedly had a great deal to do with the western department of Crum & Forster getting on a "one big happy family" basis, so far as its employees were concerned. That is, there were few things under Fred's management about which the employees were uninformed. When he talked to anyone in the office, all of those within a wide radius could hear what was being said. In addition, Fred's manner was informal, and even somewhat breezy, so that there was never a gulf between the management and the employees. It is true that most of those in Crum & Forster's western department referred to Fred as "the boss", but they did this in an affectionate and thoroughly friendly way. He was very definitely the manager, but he was just as definitely not aloof.

His German background gave him a liking for picnics. To him a picnic meant an occasion when there was plenty of beer on tap, more than enough of good German food to eat, several card games in progress, and a few athletic events for some of the younger men. Several of the picnics that he gave in the 20's and 30's were classics of their kind. To them he invited all of his leading agents in the middle west, and at the last one in 1934 he even had as his guests all of the western managers and some of their assistants, including the heads of the various fire insurance organizations of the middle west. These picnics were staged a few miles out of Freeport. Nearly all of the details were handled by his associates. "Heavy" Read and "Rock" Hosmer played prominent parts.

Special Newspaper Published

To me he assigned the job of producing a newspaper, which was distributed at the picnic. The first one was called "The Freeport Saturday Blade." The others had the name "The Freeport Morning-Evening". These sheets were full of the most preposterous stuff, statements and speeches supposed to have been made by those of the Crum & Forster family and their guests, all ridiculous and wild-eyed. Everybody of prominence was kidded to death. The more impossible the material, the better it was liked. The papers contained cuts, photographs, drawings, all exaggerations, overstatements, and satire. Fred Gund believed that if you were going to put somebody on the pan, you should do it in such a broad way that there could be no mistake about it.

In addition to these picnic papers, which Fred always regarded as a big feature, it became the custom to carry through some sort of so-called business program. That is, Tom Weddell, "Heavy" Read, "Rock" Hosmer and I would work up a so-called speech for Fred to deliver. These "addresses" were pretty terrible. He never saw them in advance. When the time came for him to deliver one of them, we would put it in his hand, and for him it should

be said that he would read anything that we wrote for him to deliver. Some of them were devastating, but with the beer flowing freely, no one was disposed to regard them as anything but hilariously funny.

Fred Gund spoke plainly, even bluntly. He did not believe in beating about the bush. He always said what he had to say without too much regard as to how it might be received. His own hide was tough, and he liked it that way. He felt that people should not be sensitive or be reluctant to hear the truth. He did not try to hurt people's feelings, but he was not at pains to spare them in what he said. In the pieces that I wrote for THE NATIONAL UNDERWRITER called "A Bush League Agent", and in more recent years those labeled "Old Ironsides", I took many a pot shot at Fred Gund, but never had a word of complaint from him. As a matter of fact he liked it, and told me often that I should write more of the stuff and give everybody hell who deserved it.

Letters Were Impressive

Lapsing into profanity as I just have, reminds me that Fred was a colorful and effective user of it, and at times when he roared it out, he was truly awe-inspiring. For the most part, though, his use of it was such as to make it seem a natural part of the conversation and certainly not objectionable. Actually he had an unusually good vocabulary. A graduate of University of Michigan, and with his ability to speak both German and English, he had a good feeling for words. His letters were particularly impressive, and in them he was able to express himself in an exact and definitive way. To his friends he was not hesitant to pass on some philosophy and advice, having a liking especially for such phrases as "Out of debt, out of danger". On many occasions he wrote letters of the kind that people keep in their files and refer to years later as not only interesting, but really little masterpieces of their kind.

Leader in the Community

No one was more interested in the community life of Freeport than Fred. He was a generous contributor to local charities, made many local investments, particularly in Freeport real estate, and, in an active way, was behind every project for the betterment of the town.

As western managers go "Unser Fritz" was unconventional, unorthodox, a builder rather than an administrator, but with a shrewd insight to human nature that enabled him to establish a hard-hitting, premium-producing organization in both the field and office. Agents were loyal to him, and felt themselves closely allied to the management. In the earlier years Fred did considerable traveling, spending as much time in the field with agents as with his western department associates. His cor-

respondence was voluminous, and agents liked to hear from him in the informal, chatty way that he employed. They certainly enjoyed his picnics, because these events were unique so far as western department fire insurance is concerned.

Fred Gund is an example of what can be done in the way of business building by sheer force of personality. He always complained that the rules and regulations of the old Western Insurance Bureau, and later of the Western Underwriters Association cramped his style and tended to put him in a position of having nothing different to offer from any other company. He didn't like this, and while he knew he had to live by the rules, nevertheless he

managed to offer a business relationship very much different than the usual.

Hughes to Miami Firm

The Thomas M. McElveen Co., adjusters, Miami, has elected Alfred Hughes executive vice-president. Mr. Hughes formerly was with Stuyvesant at New York as general adjuster for eight years, and previously was many years with the loss committee of New York Board and general adjuster for Pearl. Mitchell R. Sharpe was elected vice-president and will continue as resident manager at Lakeland. Robert B. Harris was elected assistant secretary and will continue to handle aviation losses.

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Group from Meridian, Miss., at Aetna Casualty headquarters—Mrs. I. A. Rosenbaum, Mr. Rosenbaum, and Mrs. Lee R. Meyer.



INSURANCE NEWS BY SECTIONS

IN THE SOUTHERN STATES

Tennessee Agents to Meet at Chattanooga

Speakers at the 56th annual meeting of the Tennessee Assn. of Insurance Agents at Hotel Patten Oct. 27-28 will include Commissioner Allen of Tennessee, Charles P. Butler, executive vice-president National Assn. of Insurance Agents; S. L. Love, manager, compensation and liability department, Royal Liverpool group, ("Storekeeper's Liability Policy"); John H. Egloff, Travelers, Hartford, ("Today's Agent—Symbol of Service and Immortality"); John N. Cosgrove, director public relations and education of American, ("A New Approach to Insurance Education"); and Charles H. Graff of Fidelity & Guaranty, president of Tennessee Fire Underwriters Assn., Nashville.

Bert R. Walinder of America Fore group, Chicago, will speak at the breakfast forum for farm and small town agents, and Fred C. Crowell, Jr., editor of the "Insurance Field," will address a breakfast forum for metropolitan agents. Chattanooga Insurance Exchange, headed by Scott N. Brown, will serve as host to the convention. Walter Greenspan is general chairman of the convention committee. One of the principal topics for discussion at the executive session will be recent fire rate cuts in Tennessee.

Appoints Revision Group for Texas License Laws

A special committee on laws has been appointed by President Russell R. Trimble of Texas Assn. of Insurance Agents, as recommended by Commissioner Brown, to work on the revision of the licensing law.

This committee also will be available for conferences and suggestions in connection with a committee of the Texas legislature working on the recodification and revision of all Texas insurance laws.

Arthur G. Randol of San Antonio is chairman of the special committee. Members are John H. Chiles, Jr., Austin; George V. Kane, Houston; Charles

H. Read, Lubbock, and Cruger T. Smith, Dallas.

Plans Membership Drive

A membership drive and educational program have been charted by President Dave R. McKown for the coming regional meetings of the Oklahoma Assn. of Insurance Agents at Lawton (December), Enid (March), and Durant (June).

Miss Clara Van Duker, who has been assistant secretary of the association for more than seven years, has resigned.

EAST

Riley Agency Feted on 100th Year with Hartford

The Fred M. Riley agency at Oswego, N. Y. marked the 100th anniversary of its appointment as Hartford Fire agent at a dinner there Monday. The agency was established in 1835 and its representation of the Hartford as the fifth longest continuous one by a local agency in the U. S.

Francis T. Riley, head of the agency; W. S. Vanderbilt, secretary of Hartford Fire, and Hartford Fire and Hartford Accident field men, as well as agency associates and others, were on hand to honor the firm. Field men included Harold S. Poole, Jr., Harvie D. Manss, and Wallace F. Lepper for Hartford Fire, and George Morey and Richard Spencer for Hartford Accident.

Middlesex to Fete Ladies

Ladies night of Middlesex County Assn. of Insurance Agents will be Dec. 13 at Oak Hills Manor, Metuchen, N. J.

Would Assess Urban Mutual

HARRISBURG—The Pennsylvania department has asked Dauphin county court for an assessment order in the liquidation of Urban Mutual Fire of Harrisburg.

Oct. 31 has been set for a hearing on the petition. The department seeks to assess all former policyholders an

amount equal to earned premiums on policies written during the year before the company was thrown into liquidation on Nov. 24, 1947. The department found a deficit of \$75,410.

Urban was an old Pennsylvania mutual which had written fire coverage only for many years. More recently it entered the automobile casualty field. In 1946, the last full year of operation, premiums were \$108,155. At the time of its liquidation it was headed by Mrs. Rose F. Butler, of Harrisburg.

A spokesman for the insurance department said the state, as liquidator, is prepared "to bring individual suits" against former members of the mutual who do not comply with the pending assessment.

MIDDLE WEST

In Hail Insurance 50 Years

C. Fred Morgan, president of Square Deal Insurance Co. of Des Moines, was honored with a dinner on his 50th anniversary in hail insurance. Company employees presented him a watch.

Mr. Morgan entered insurance with the former Mutual Hail Storm of Des Moines in 1899. In 1902 he helped organize the Horticultural and in 1920 he organized Grain Belt. From 1925 to 1934 he was head of the hail department of Inter-Ocean Reinsurance and when that department was discontinued he became head of Square Deal.

Safety Program Reviewed

ASHLAND, WIS.—Top-of-Wisconsin Insurance Agents Assn. held a dinner meeting here with Martin Ensigner, president, as chairman. Wesley Wosepka, city safety director, told of the program here and the possibilities of a county-wide program in which the local agents could play a prominent part.

N.A.I.A. Report at Hutchinson

Plans for Fire Prevention Week were outlined and reports of the Chicago N.A.I.A. meeting were given at a meeting of Hutchinson (Kan.) Insurance Board. Manager Lane of Kansas Automobile Club, Topeka, was the speaker.

Members of the new executive committee are President Paul Lewellyn;

Vice-president William L. Kline; Secretary Willard Hankins, Fred Hulse, A. H. Lewis and Ernest Woelagel.

New Dodge City Officers

New officers of Dodge City (Kan.) Assn. of Insurance Agents are: President, Lawrence Drehmer, son of Seymour Drehmer; vice-president, Oran Underhill of Hathaway-Underhill; secretary, V. R. Oline of L. B. Hancock, Inc.

The board will carry advertising in all theaters during Fire Prevention Week and sponsor school essay contests for cash prizes.

COAST

Seattle, King County Assn. Plan Fire Prevention Week

Mayor William F. Devin of Seattle was speaker and R. C. Jenner of LaBov, Haynes Co., representing King County Insurance Assn., was toastmaster at a fire prevention week luncheon staged by the King County Association in cooperation with the Seattle fire department and Chamber of Commerce October 4.

Seattle's fire prevention week will feature trailers at motion picture theaters and donated outdoor advertising on 30 large boards. The fire prevention message on the boards will carry the name of King County Assn. School children will distribute home inspection blanks and the Junior Red Cross will distribute blanks among its members and provide speakers for civic and community clubs.

Cal. Policy Ruling

Commissioner Downey of California has issued a bulletin regarding use of the new standard fire policy which was enacted for compulsory use after July 1, 1950. The new policy may be used on and after Oct. 1, he states, and the department will have no objection to the attachment to a 1909 policy of an endorsement under which the insured may elect to claim under either the 1909 form or the 1949 version. There will be no objection to an insurer handling losses on outstanding 1909 forms in accordance with provisions of the 1949 policy if the provisions of the latter which are applied are more liberal to the assured and the practice of applying them is done uniformly and without discrimination. On and after Oct. 1 the first page of the policy or an endorsement may be arranged to show in schedule form the amounts of insurance, rates and premiums for the basic coverages insured. The use of such a schedule remains optional, even after July 1, 1950.

Philo Anderson Elected

Philo Anderson is new president of Baker (Ore.) Assn. of Insurance Agents. W. C. Grant is vice-president and Harry E. Long, secretary.

C.P.C.U. Rally Oct. 21

The all-industry luncheon of the northern California chapter of C.P.C.U. has been scheduled for Oct. 21 at the Fairmont hotel, with Frank Orr of Poulton & Orr of Oakland, as chairman.

Open Insurance Classes

Study sessions sponsored by the Yakima County Insurance Assn. at Yakima Valley Junior college are being held every Wednesday at 7:30 p.m. Visiting insurance men have been invited to participate. Stan Lebens is in charge.

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THE musical notes of a bell which had once hung in an old French church summoned the slaves at Belle Meade to their daily tasks. By some strange chance this bell had found its way across the sea to a Mississippi steamboat where its mellow tones so captivated Belle Meade's owner that he bought it for his estate.

Located about six miles from Nashville, Belle Meade is reached through a long avenue lined with vine-covered cedars. The house was built in 1853, the year The Home was founded. It replaced an earlier dwelling which had been destroyed by fire. The six square columns on the portico were made from stone quarried on the estate. John Harding, the first owner, cleared and fenced the property when he came to Tennessee in 1805. While a home was being built, he lived in a log cabin where his son William Giles Harding was born.

Brigadier general in the militia and prominent agriculturist, William G. Harding made Belle Meade one of the most pros-



BELLE MEADE

the Beautiful



A gardener was brought from Switzerland to care for the flowers and shrubs

perous farms in Tennessee. Within its 5,000 broad acres was a park planted with blue grass where as many as 250 deer roamed unmolested. At one time elk, buffaloes and cashmere goats were also given sanctuary.

But Belle Meade's principal attraction was its magnificent thoroughbred horses, many of which, including Bonnie Scotland, Iroquois and Luke Blackburn, won lasting fame in the annals of the turf. As probably America's oldest farm for breeding thoroughbreds and one of the finest of its day the estate was



IROQUOIS - Only American bred horse that has ever won the English Derby

internationally renowned. The sale of yearling colts which was an eagerly awaited annual event brought thousands of visitors from this country and abroad. Representatives of the French government who came to inspect American thoroughbreds in 1881 reported that Belle Meade had the finest in the country. Though his horses were entered in all the leading races and won many trophies, General Harding was interested in racing solely as a gentleman's sport and refused to take part in betting.

Besides horsemen

many prominent persons were visitors at Belle Meade, including Andrew Jackson, James K. Polk, Benjamin Harrison and Grover Cleveland. As evidence of the hospitality for which the plantation was noted, the dining table was kept extended to its full length with places always set for unexpected guests.

Like most of the southern plantations of that time Belle Meade had its complement of slaves. They were, however, treated with unusual consideration and concern for their comfort and welfare. Charles Sumner, noted abolitionist, declared

that if conditions at Belle Meade were typical of the South, "I must retract much that I have written against slavery."

Two of General Harding's daughters married brothers, William H. and Howell E. Jackson, who continued to operate Belle Meade after Harding's death. By General U. S. Grant's own admission he narrowly es-



caped capture by William Jackson who was a brigadier general in the Confederate cavalry.

Though the property passed into other hands after the death of General Jackson's son and has been reduced in size throughout the years, Belle Meade, still privately owned, has been maintained as one of the South's most beautiful plantations.

* * *

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Assets \$158,142,493.91
Liabilities 65,261,315.90
Policyholders' Surplus 92,881,178.01

★ NIAGARA FIRE INSURANCE COMPANY
Assets \$50,106,634.92
Liabilities 23,845,316.72
Policyholders' Surplus 26,261,318.20

★ AMERICAN EAGLE FIRE INSURANCE COMPANY
Assets \$43,357,477.03
Liabilities 20,389,200.08
Policyholders' Surplus 22,968,276.95

★ THE FIDELITY AND CASUALTY COMPANY OF NEW YORK
Assets \$110,727,804.27
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Policyholders' Surplus 26,613,569.70

STATEMENTS AS OF JUNE 30, 1940
BERNARD H. CULVER, Chairman
FRANK A. CHRISTENSEN, President

★
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